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The Potential Cost Effectiveness of Graduate Training Programs in the Zambian Insurance Industry



## The Potential Cost Effectiveness of Graduate Training Programs in the Zambian Insurance Industry

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### Abstract

**Purpose:** This research aims to evaluate how graduate trainee programs serve as a cost-effective alternative to external promotions within the Zambian insurance sector. It seeks to identify the key factors impacting the decision to hire internally versus externally.

**Methodology:** The study utilized a mixed-methods approach, combining both primary and secondary data sources for comprehensive analysis. Primary data was collected through well-structured surveys and in-depth interviews, allowing researchers to gain direct insights from participants. This engagement provided a richer understanding of the topic. Secondary sources, including literature, academic articles, and pertinent reports, contributed additional context and background, enhancing the study's foundation.

**Findings:** The findings reveal that hiring graduate trainees is more economical than recruiting external candidates in the Zambian insurance industry. Furthermore, the research indicates that organizations can effectively develop graduates into resources that align with their specific needs and culture. This approach not only reduces hiring costs but also fosters the growth of tailored talent within the industry, supporting the long-term sustainability and efficiency of insurance companies in Zambia.

**Contribution to Theory, Policy and Practice:** The study recommended the implementation of graduate training programs, as they have shown to be cost-effective and serve as a reliable pipeline for internal promotions. This focus on graduate training is especially pertinent within the Zambian context, considering the evolving job market and economic circumstances that have emerged since 2015.

**Keywords:** *Insurance, Skills gap, Graduate programs, Cost-effective, External promotions*

## 1.0 BACKGROUND AND RATIONALE

According to GlobalData (2024), the Zambian insurance industry has experienced notable growth in recent years, marked by an increase in the number of insurance providers and a wider array of products available to consumers. This growth has been fuelled by rising disposable incomes, urbanization, and a growing middle class, which have collectively spurred demand for financial security products. Additionally, regulatory improvements and increased foreign investment have contributed to a more dynamic market environment. Despite these advancements, the sector grapples with significant challenges that hinder its overall expansion. One of the primary issues is the low penetration rate of insurance in the country, which can be largely attributed to a lack of awareness and understanding among the general population. Many individuals view insurance as an unnecessary expense rather than an essential financial instrument, resulting in limited uptake, especially in rural areas where access to financial education resources is restricted. Ongoing efforts to promote awareness of the benefits of insurance have been initiated, yet persistent cultural and economic barriers continue to undermine these initiatives.

Another significant challenge which is pertinent to this research is the human resource challenge. According to PricewaterhouseCoopers (2020), the Zambian insurance industry is grappling with a considerable shortage of skilled professionals, which poses significant challenges for its growth and development. This deficit is primarily attributed to the limited availability of specialized training programs and educational institutions that focus specifically on insurance-related skills.

The increasing complexity of the insurance market in Zambia, coupled with the apparent subdued profitability, underscores the industry's recognition of the challenges posed by poor decision-making. There is a pressing need to enhance knowledge and skills to grasp the long-term consequences of inadequate practices, particularly in areas like prudent underwriting and accurate risk pricing. Addressing these issues is essential for improving overall profitability and ensuring a more robust industry.

This limitation highlights the urgent need for targeted training programs that can equip professionals with the necessary expertise to navigate these challenges effectively. By investing in comprehensive training initiatives that focuses on skills enhancement and culture shift, the Zambian insurance industry can enhance its overall performance and sustainability. This investment not only addresses immediate skills gaps but also fosters an adaptive culture that can respond to the evolving demands of the insurance sector. Such a proactive approach is crucial for maintaining competitiveness in a rapidly changing market.

Currently, many insurance companies face difficulties in recruiting employees who possess the necessary expertise to navigate complex insurance tasks effectively. The lack of qualified personnel hampers the industry's ability to innovate and offer competitive products and services. To address this issue, there is an urgent need for stakeholders, including government bodies and educational institutions, to collaborate in developing comprehensive training programs that equip

individuals with the relevant skills required to meet the demands of the evolving insurance landscape. One such approach is the implementation of graduate training programs specifically tailored to produce professionals who can navigate the complexities of insurance regulations, risk management, and customer service. These programs should be designed not only to enhance theoretical knowledge but also to provide practical experience through internships and mentorship opportunities. By fostering a skilled workforce, the Zambian insurance industry can improve its service offerings and better respond to the needs of its clients.

Graduate trainee programs have played a crucial role in enhancing the development and competitiveness of the financial services industry in Zambia. This is more pronounced in the banking and financial services industry, where the integration of advanced training programs has significantly improved employee performance and client satisfaction. In contrast, the Zambian insurance sector has yet to fully capitalize on these benefits, highlighting a critical gap that needs addressing.

As already mentioned above, the Zambian insurance industry is navigating a competitive landscape that presents considerable challenges. This situation underscores the urgent need for the implementation of effective graduate training programs. Such programs aim to provide professionals with the essential skills and knowledge required to successfully navigate the market's complexities, ultimately leading to improved productivity and profitability.

However, many insurance companies are apprehensive about investing in graduate training programs, primarily due to concerns over perceived costs. This financial aversion has posed a significant challenge in implementing these programs effectively. The challenge is exacerbated by the lack of comprehensive data demonstrating the long-term return on investment. As a result, many companies hesitate to allocate their budgets toward initiatives that do not guarantee immediate financial benefits. In Zambia, the lack of resources has hindered most firms from implementing effective training initiatives on their own. Companies often view these programs as a burden rather than an investment, which stifles progress and stunts the overall development of skilled professionals within the industry.

It is quite strange that, despite the high turnover rates in the Zambian insurance industry, companies struggle to develop their own talent pool. The frequent departure of employees often stems from dissatisfaction related to low pay, limited benefits, and rigid work policies that do not prioritize employee welfare. This dissatisfaction is worsened by the industry's image, which pales in comparison to the more attractive and dynamic sectors of fintech and banking. As a result, the challenge of not only attracting but also retaining young talent becomes even more daunting, raising the question of why companies cannot cultivate a sustainable talent pool amidst such a persistent issue.

The employee turnover challenge is further complicated by the reality that, in certain situations, when a skilled and talented employee leaves an organization, this can initiate a substantial ripple



effect across the entire industry. This phenomenon creates a widespread mobility among various companies and sectors rather than fostering internal mobility as the solution to replace lost talent. The departure of one individual can lead to a chain reaction, prompting other employees to seek new opportunities elsewhere, ultimately exacerbating the turnover issue within the market.

### **1.1 Problem Statement**

The issue at hand is the high employee turnover within organizations, which not only affects the company experiencing the loss but also triggers a wider ripple effect across the industry. When a skilled and talented employee departs, it often leads to increased mobility among other employees, who may also begin to seek new opportunities, intensifying the turnover challenge. This problem impacts various stakeholders, including employers who face difficulties in talent retention and recruitment, as well as employees who may encounter instability in their work environment. Understanding the ramifications of this phenomenon is crucial, as it is imperative to identify effective strategies to mitigate turnover, enhance employee satisfaction, and foster stable work environments. Conducting this study is vital to uncovering the underlying causes of employee mobility and developing actionable solutions that benefit both organizations and their workforce.

### **1.2 Specific Objective**

The general objective of this study is to determine the efficiency and effectiveness of graduate training programs in the insurance industry in Zambia. More specifically to analyze the average cost of hiring a recent graduate compared to an external candidate for Zambian insurance firms, we will focus on the financial implications of these hiring decisions. This involves accurately assessing the time and resources invested in onboarding a graduate versus the expenses incurred when bringing in an external candidate.

## **2.0 LITERATURE REVIEW**

### **2.1 Theoretical Review**

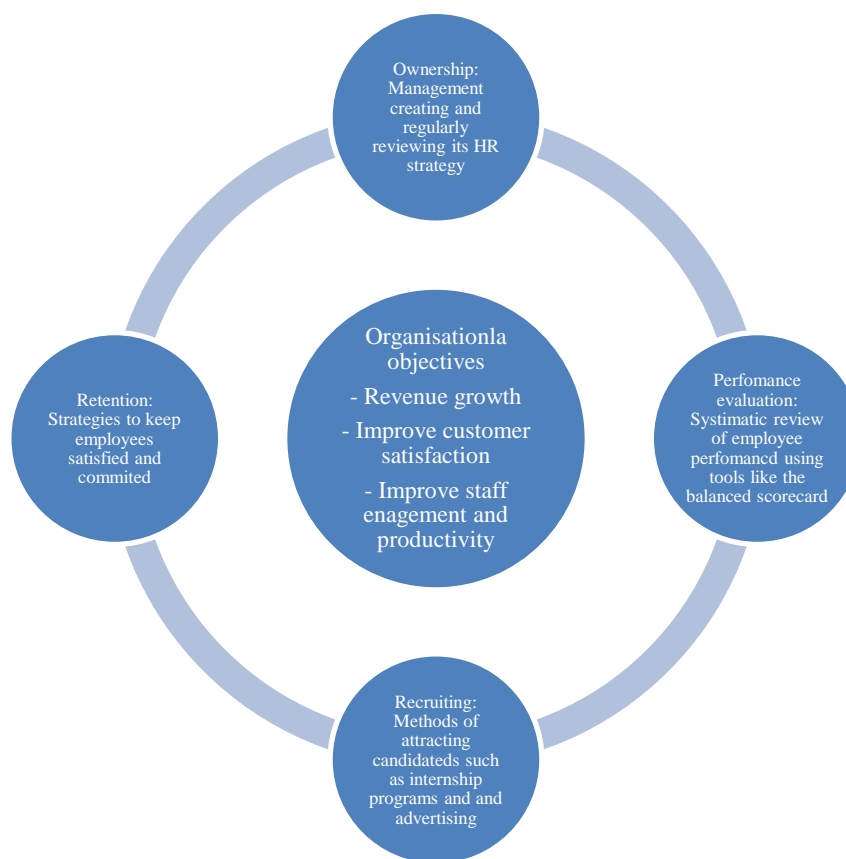
Human resources are a significant asset to any organization, and the efficient management of these human resources is a critical component of operating a business or organization effectively. The basic conceptual framework of human resource management is the achievement of organizational objectives through integrated approaches to ownership, performance evaluation, recruiting, and retaining human resources (Sara et al.2021).

Richman (2015) references a variety of scholars, including Haslinda (2009) and Torraco (2009), who identify the origins of Human Resource Management (HRM) in England during the 19th century. It has been established through research that formal Human Resource Development (HRD) activities began to emerge in the United States amidst the Industrial Revolution (Sleight, 1993). The overarching body of literature traces the evolution of human development back to the dawn of humanity, wherein processes related to training and learning were essential for survival

and sustenance (Haslinda, 2009; Sleight, 1993; Torraco, 2009). A review of this literature reveals a trajectory marked by the necessity of labor, various revolutions, and the evolution of intellectual thought, culminating in the contemporary practices of HRD.

The evolutionary trend endorses two essential principles: that human resources constitute the most significant asset within an organization; and that social and human development is imperative for sustaining operations in a dynamic environment. Research indicates a consensus regarding the existence of both external and internal pressures exerted on organizational structures.

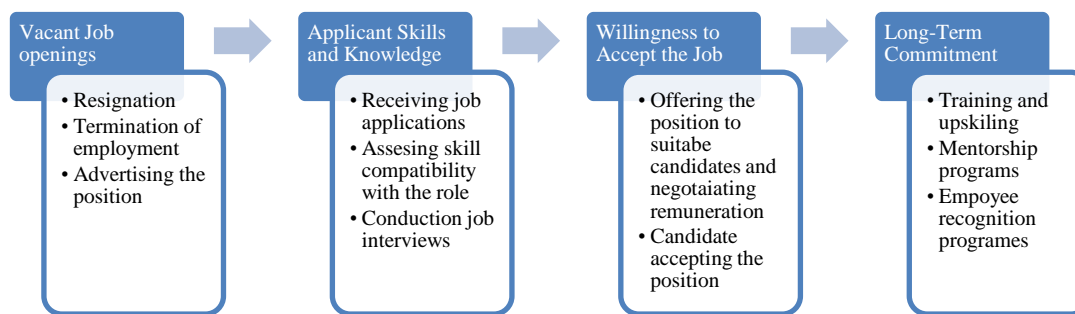
The theoretical underpinning of this text revolves around the critical role of human resources as vital assets within organizations. It emphasizes the necessity of effective management practices to enhance operational efficacy. The foundational conceptual framework of human resource management is predicated on achieving organizational goals through cohesive strategies encompassing ownership structures, performance assessments, recruitment, and retention of personnel (Agustian et al.2023).



*Figure 1 : The Human Resource Cycle*

*Source; Researcher (2023)*

An essential consideration of human resource management is the selection and hiring of workers into vacant job openings, either through graduate programs for students who have completed tertiary level qualifications or by direct hiring of experienced workers from outside the organization. This essential decision is based on a few trade-offs and must satisfy both sides of the argument, with new hires having the required skills, knowledge, and abilities to warrant a job, and the successful applicants eager to accept the job and willing to remain employed within the organization or move up the organizational ranks to satisfy some desire or career goal.



*Figure 2: Human Resources Framework*

*Source; Researcher (2023)*

Human resource managers play a critical role in helping find the right answers given that the hiring of applicants can be an expensive, time-consuming, and error-prone process. Proper judgment calls are, therefore, critical. Job applicants may correctly think that they will need time to fully merge into their new roles and that they are beneficiaries of additional training to succeed. If the right skills, knowledge, and suitability are not available or cannot be easily inculcated, then the company may have to bear either the financial costs or suffer the consequences of underperformance. A company may also suffer losses in terms of actual management time, losing the manager's time to carry out coaching and even the full sum paid to external search professionals plus any incurred staff or other organizational costs if a new recruit does not work out (Mishra et al.2021).

According to Ahmed et al., (2020), human capital theory posits that investing in individual skills plays a pivotal role in enhancing economic productivity. This theory is built on the idea that such investments stimulate creativity, ultimately leading to higher personal income. Proponents argue that individuals with a higher level of education tend to demonstrate greater productivity, which correlates with increased earnings when compared to their less educated counterparts. The underlying assumption is that formal education is a critical component in augmenting the overall productive capacity of a workforce. However, some researchers contest this perspective,

suggesting that the link between education and income may not be as significant as proposed. They highlight that the correlations observed between earnings and years of education are often weak, and when adjusting for other variables, the impact of education on income further declines. Advocates of human capital theory emphasize that education enhances productivity and efficiency within the workforce by improving cognitive skills, shaped by both innate traits and external investments. The rationale for skill investment is multi-faceted: it is essential to equip younger generations with the knowledge inherited from previous ones, and it is equally important to train them in utilizing this knowledge effectively to foster innovation and develop a range of products or services.

## 2.2 Contemporary Literature Review

Graduate Training Programs (GTPs) have been defined as a short-term focused development intervention providing the opportunity for newly graduated students to gain work experience and learn professional skills to kick-start their careers in specific public services and private sector functions, including project implementation. A graduate trainee program is a less formal and structured training program that carries on for a period of time as well as the scope and opportunities included. Graduate programs are usually paid courses and professionally designed, keeping in mind the talent requirements at organizations (English et al.2021).

In recent years, the conversation regarding the effectiveness of graduate programs, from recruitment to promotion, has intensified, especially in the African context where economic challenges and workforce development remain critical concerns. This journey begins with the recruitment phase, where institutions actively seek out talent from universities and colleges, aiming to attract promising graduates who can be moulded into future leaders. Once selected, these graduates undergo a structured training program designed to equip them with the necessary skills and knowledge tailored to the organization's needs. This phase not only enhances their professional competencies but also familiarizes them with the company culture and operational dynamics.

As they progress through the program, participants are regularly evaluated on their performance, allowing them to receive constructive feedback and further develop their abilities. Successful completion of the training program leads to promotion opportunities, facilitating career advancement within the organization. Ultimately, this journey from recruitment through training to promotion highlights the value of investing in graduate programs, particularly in regions facing economic challenges, as it not only develops homegrown talent but also contributes to workforce sustainability and growth.

Different studies have highlighted various aspects of graduate training programs, including their structure, duration, and the specific skills they aim to develop in participants across Africa. There is also evidence in literature of rising interest in GTPs among private sector stakeholders, including governments and corporate human resource managers in various African countries. Such a



framework is crucial for promoting transparency and effectively outlining the expectations tied to GTPs in the industry (Alam, 2022).

Mgaiwa, S. J. (2021), suggests that the cost efficiency of graduate training programs versus external recruitment has emerged as a critical subject in current literature, especially in the African setting since 2015, as organizations strive to maximize their workforce investments in light of changing economic challenges.

The ongoing comparison between the overall cost effectiveness of graduate training programs and the process of external hiring has garnered considerable and significant attention in the recent literature. This topic is particularly relevant and explored within the African context, especially since the year 2015, highlighting the nuances and implications involved in both approaches. (McGrath and Yamada, 2023).

In recent years, a growing number of scholars and researchers have increasingly focused their attention on the financial implications and outcomes of graduate training programs when compared to the process of external hiring. This comparison is particularly pertinent within the unique socio-economic landscape of Africa, especially after the significant year of 2015, which marked notable changes and developments in the region's workforce dynamics.

These various studies underscore the significance of comprehending the cost-effectiveness of investing in graduate training programs compared to external hiring practices, particularly within the distinctive socio-economic context of Africa since 2015. Research has indicated that internal training can lead to enhanced employee retention and productivity, which, in turn, contributes to overall organizational performance (Becker & Huselid, 1998; Dearden et al., 2006). Moreover, a study focusing on African economies suggests that local talent development can better meet regional labour market demands and facilitate economic growth (Rugabirwa et al., 2020). Therefore, aligning graduate training initiatives with specific industry needs not only fosters a skilled workforce but also supports sustainable development within the continent's evolving socio-economic landscape (World Bank, 2018). Understanding these dynamics is crucial for policymakers and organizational leaders aiming to optimize human capital investments.

In recent years, there has been a growing discussion regarding the advancements and innovations in graduate training programs across Africa. This dialogue emphasizes the importance of assessing these programs not only in terms of their effectiveness but also their impact on the local job market and workforce development. As these training initiatives evolve, they offer new opportunities for young professionals, addressing skills gaps and aligning educational outcomes with industry demands. The conversation around graduate training programs underscores their potential to enhance employability and foster economic growth within various African nations (Mgaiwa, 2021).

This discussion has emphasized the potential drawbacks and challenges associated with graduate training programs compared to the benefits of external recruitment strategies, especially in the context of developing economies. While graduate training can cultivate a skilled workforce, it also poses several challenges such as high costs, significant time investment, and the risk of graduates leaving for better opportunities. Additionally, aligning training with industry needs can be difficult, leading to a mismatch between skills acquired and those actually required in the job market. This raises concerns about the overall effectiveness of such programs in fostering sustainable economic growth (Uddin, 2021).

### **2.3 Research Gaps**

While the existing literature thoroughly discusses the various benefits that GTPs can provide, there remains a significant lack of empirical evidence when it comes to standardized metrics that can effectively measure their overall effectiveness across diverse industries and regions, especially in Africa, where the need for such evaluations is increasingly crucial. The studies primarily focus on immediate outcomes such as skill development and employability. However, they significantly lack longitudinal research that examines the long-term career trajectories and pathways of GTP participants over time. While cost-effectiveness is frequently brought up in discussions, there is a significant need for more thorough and comprehensive studies that compare not only the quantitative aspects but also the qualitative outcomes—such as innovation and alignment with cultural fit—of GTPs against the traditional method of external hiring. The existing literature does not delve deeply into how GTPs perform in various specific sectors, such as technology and healthcare, or how significant sectoral differences influence the design of programs and the resulting outcomes that stem from them.

There exists a noticeable gap in understanding the various mechanisms necessary to better align GTPs with the rapidly changing demands of industries, particularly in emerging markets that are evolving quickly. The significant risk of graduates seeking and leaving for better opportunities is clearly highlighted, yet there appears to be limited discussion on effective strategies aimed at enhancing retention after training has been completed. It is essential to explore and develop methods that can keep these talented individuals engaged and committed in the long term.

The existing literature unfortunately lacks a truly nuanced exploration of how various cultural and regional differences within Africa significantly impact the design, implementation, and overall success of Global Technology Programs (GTPs).

While advancements in GTPs are frequently mentioned in conversations, there is a noticeable lack of exploration into various innovative approaches such as digital training platforms and hybrid models, along with their overall effectiveness in practical applications.

The role of government policies in effectively supporting and scaling GTPs is significantly underexplored, especially when we examine the intricate dynamics within public-private partnerships. This area warrants greater attention and analysis.

Numerous studies tend to primarily concentrate on the numerous organizational benefits of training programs, while often overlooking the crucial experiences and unique perspectives of the trainees themselves. These invaluable insights and personal journeys of the trainees are frequently sidelined and underappreciated, which can limit the overall understanding of how training truly impacts individuals.

Addressing these existing gaps could significantly enhance a more holistic and comprehensive understanding of the crucial role and profound impact of GTPs in workforce development, particularly within the diverse and dynamic Zambian.

### 3.0 MATERIAL AND METHODS

**Study Design:** The research design utilized was cross-sectional, incorporating a case study focused on the management training program and talent management within the Zambian Insurance Industry. This study employed a combination of qualitative and quantitative methodologies for the collection and analysis of data. Consistent with Takona (2024), this research was characterized by a cross-sectional time horizon, aimed at comprehensively understanding the phenomenon through a case that was "... purposively selected within a narrow contemporaneous time span..." (p. 101).

**Study Location:** The research was conducted within the framework of the insurance sector in Zambia. Historically, the Zambian insurance market was primarily dominated by state-owned enterprises from the time of independence until 1991. Subsequent to the deregulation that occurred in 1991, there was a marked expansion in the number of insurance companies, which grew to exceed 35 and included both domestic and foreign firms. The subjects of the study were chosen from these insurance companies.

**Population:** The study population comprised all operations executives, Chief Finance Officers, as well as senior human resource personnel working within the insurance industry. These individuals are specifically involved in the critical process of recruiting and employing graduate trainees, playing a key role in shaping the future workforce of the sector.

**Sample and sampling techniques:** In this research, both random and purposive sampling methodologies were employed, as previously indicated. According to Nisbet, Elder, and Miner (2009), probability samples are often synonymous with random samples and are regarded as the most exacting of the sample selection methodologies. To ensure that the survey results can be accurately generalized to the broader population of interest, the application of probability sampling is essential. The authors further assert that each individual within the population possesses an equal likelihood of being included in the sample utilized for the calculation of probabilities. In alignment

with Silverman and Petterson (2021), this study rationalized the choice of sample size by guaranteeing the inclusion of at least three representatives from each organization within the population. This strategy was designed to avert the selection of an insufficient sample, which could potentially undermine the reliability of the study. In this research, a random sampling technique was utilized to select sample elements from a sampling frame comprising the names and positions of all executives within the industry.

Regarding the key informants, a purposive sampling strategy was employed. This strategy, commonly referred to as judgment sampling, involves the deliberate selection of participants based on their particular characteristics (Etikan et al., 2016). The purposive sampling approach is not reliant on chance and does not require theoretical justification or a fixed number of participants. Additionally, Etikan et al. (2016) contend that the onus of decision-making falls entirely on the researcher, who bears full responsibility for identifying individuals who are both willing and capable of providing information informed by their expertise and experience.

**Data Collection:** The methodologies employed for data collection encompassed both face-to-face interviews and online platforms. The design of the study incorporated both open-ended and closed-ended questionnaires. Face-to-face interviews were conducted with the managers accountable for implementing the graduate trainee programs within the insurance companies, in addition to one face-to-face interview with key informants from the industry. Regarding the key informants, a purposive sampling strategy was employed. This strategy, commonly referred to as judgment sampling, involves the deliberate selection of participants based on their particular characteristics (Etikan et al., 2016). The purposive sampling approach is not reliant on chance and does not require theoretical justification or a fixed number of participants. Additionally, Etikan et al. (2016) contend that the onus of decision-making falls entirely on the researcher, who bears full responsibility for identifying individuals who are both willing and capable of providing information informed by their expertise and experience.

### Statistical Analysis

**Cost Savings Distribution and Monte Carlo Simulation:** We conducted an analysis of the potential distribution of cost savings through the application of a Monte Carlo simulation. This technique facilitates the estimation of the range of savings across various conceivable scenarios. The confidence interval offers a statistically substantiated range within which the cost savings are expected to reside.

**Regression Analysis:** We employed Ordinary Least Squares (OLS) regression to discern the primary predictors of cost savings. This approach facilitates the comprehension of how GT salaries, salaries of external hires, and hiring expenses affect total savings. Furthermore, regression analysis aids in substantiating whether hiring decisions significantly influence cost savings. Residual analysis serves to ascertain the adequacy of the regression model's fit. A lack of

discernible patterns in the residuals, along with their centering around zero, serves to validate the model's reliability.

#### 4.0 FINDINGS

In our survey targeting perceptions of management training programs, it was revealed that among the respondents who expressed confidence in the effectiveness of these programs, approximately 50% reported being satisfied with the quality of graduates who were entering their training initiatives.

This indicates a moderate level of approval regarding the preparedness and skills of incoming candidates. However, it is worth noting that a significantly smaller proportion of respondents expressed dissatisfaction with the qualifications of the candidates who applied to their training programs. This discrepancy suggests a nuanced view of the candidate pool, where some quality concerns persist despite the overall satisfaction reported by others. Additionally, a notable number of respondents chose not to provide feedback on this inquiry, highlighting a potential gap in engagement or concern about the training programs.

The overall findings underscore the need for ongoing evaluation and improvement of management training programs to better align candidate capabilities with organizational expectations.

In a similar manner, half of the respondents expressed satisfaction with the quality of graduates completing their training program, indicating that they felt the candidates were well-prepared and equipped with the necessary skills for the workforce. However, a handful of respondents voiced dissatisfaction, highlighting concerns about certain graduates lacking specific competencies or practical experience. These varied perspectives reflect a broader discussion about the effectiveness of the training program in meeting industry standards.

Additionally, a fair number of respondents remained nonresponsive, which may suggest a lack of engagement or uncertainty about their opinions on the training outcomes. One of the respondents who expressed satisfaction with the quality of the graduates stated that the program effectively combines theoretical knowledge with practical application, resulting in graduates who are not only knowledgeable but also capable of adapting to real-world challenges. This respondent emphasized the importance of continuous improvement in curriculum design to further enhance the training experience.

*It doesn't matter what course one may have completed; as long as they hold a degree, they are well-suited for training. You will be amazed at the level of intelligence and creativity that some of these young graduates possess. They approach challenges with a fresh perspective and are remarkably adaptable, making them ideal candidates for various roles. Their eagerness to learn and innovate contributes significantly to the dynamic nature of our industry. Investing in these bright minds is crucial, as they represent the future, driving progress and bringing new ideas that can transform our industry for the better.*



Moving on in a consistent pattern, about half of the participants stated that they held the confidence to endorse individuals who successfully finished their training program. This positive sentiment reflects a growing trust in the effectiveness of the training and the preparedness of the candidates to take on new challenges.

Conversely, a small number of the respondents expressed a lack of confidence in promoting candidates, stating that they felt uncertain about the candidates' ability to apply the skills learned during training in real-world scenarios. This hesitation often stemmed from concerns about the candidates' practical experience or their ability to adapt to the demands of the workplace.

Additionally, some participants noted that while the training program was robust, it did not sufficiently address all the nuances of the job roles that participants would be stepping into. This divergence in perception highlights the need for ongoing support and assessment to bridge the gap between training and actual job performance. They stated that

*The quality of the curriculum offered in universities appears to be misaligned with the rapidly evolving trends and demands of the industry. This disconnect often means that graduates, despite their academic achievements, lack the practical skills and knowledge required to excel in the workplace. Consequently, employers find themselves dedicating significant time and resources to training these new hires, which can be both costly and time-consuming.*

*This situation ultimately detracts from the focus on core business activities, as managers and team leaders are compelled to shift their attention toward bridging the skills gap. As a result, organizations struggle to maintain productivity and innovation, highlighting the urgent need for universities to revisit and update their curricula to better prepare graduates for the realities of the modern job market.*

Table 1 below details the summary of findings.

**Table 1: Summary of Findings**

		Number of Answers	Percentage
	<b>Question 1</b>		
<b>Do you have a formalized recruitment policy?</b>	Yes	65	70.65%
	No	27	29.35%
	Grand total	92	100.00%
	<b>Question 2</b>		
<b>Do you have a Human Resource Department?</b>	Yes	82	89.13%
	No	10	10.87%
	Grand total	92	100.00%
	<b>Question 3</b>		
<b>Do you have a management training program in place?</b>	Yes	53	57.61%
	No	39	42.39%
	Grand total	92	100.00%
	<b>Question 4</b>		
<b>If "yes" to Q3, are you satisfied with the quality of graduate candidates entering your Training Program?</b>	Yes	44	47.83%
	No	14	15.22%
	N/A	34	36.96%
	Grand total	92	100.00%
	<b>Question 5</b>		
<b>If "yes" to Q3, are you satisfied with the quality of graduate candidates completing your Training Program?</b>	Yes	50	54.35%
	No	6	6.52%
	N/A	36	39.13%
	Grand total	92	100.00%
	<b>Question 6</b>		
<b>If "yes" to Q9, would you be confident in appointing them to the next level of executive management?</b>	Yes	49	53.26%
	No	6	6.52%
	N/A	37	40.22%
	Grand total	92	100.00%

**Table 2 Summary of On Boarding Costs**

QUESTIONS	Insurer A	Insurer B	Insurer C	Insurer D	Insurer E	Insurer F	Insurer G	Insurer H
<b>GT INTERNAL HIRE</b>								
<b>Employment Level at Employment</b>								
Non Management	X	X	X	X	X	X	X	X
Management								
<b>Salary range</b>								
K4000-K7000	X		X	X	X			X
K7100-K10,000		X				X	X	
K10,100-K13,000								
<b>Duration of GT program in years</b>	2	2	2	2	2	2	2	2
<b>Employment Level after completion</b>								
1st Level of management	X	X	X	X	X	X	X	X
2nd Level of management								
3rd Level of management								
<b>Salary range after completion</b>								
K7,100-K10,000								
K10,100-K13,000	X		X	X	X			X
K13,100 -K15,000						X	X	
Above K15,000		X						
<b>EXTERNAL HIRE</b>								
Salary Range of External Hire entering at the same level of Graduates who have completed GT program								
Lower than GT who have completed as a %								
Equal to GT who have completed %								
Higher than GT who have completed as a %	25%	20%	25%	30%	25%	30%	20%	25%
Average Cost of Advertising news paper or social	K10,000	K10,000	K10,000	K10,000	K10,000	K10,000	K10,000	K10,000
Shortlisting Cost total man hours per person	10	10	10	10	10	10	10	10
Shortlisting Cost total value of man hours per person	K122	K122	K122	K122	K122	K122	K122	K122
Absolute average Shortlisting cost	K1,220	K1,220	K1,220	K1,220	K1,220	K1,220	K1,220	K1,220
Interview Cost total man hours per panel	8	8	8	8	8	8	8	8
Interview Cost total value of hours per panel	K1,017.00	K1,017.00	K1,017.00	K1,017.00	K1,017.00	K1,017.00	K1,017.00	K1,017.00
Absolute average interview cost	K8,136.00	K8,136.00	K8,136.00	K8,136.00	K8,136.00	K8,136.00	K8,136.00	K8,136.00
Total Average Cost associated with external Hire	K19,356.00	K19,356.00	K19,356.00	K19,356.00	K19,356.00	K19,356.00	K19,356.00	K19,356.00

The combined and aggregated data collected from the thirty-five respondent companies yielded a total of eight unique datasets that were subsequently analyzed in detail for further insights.



*Figure 3: Cost Savings Distribution*

*Source; Researcher (2023)*

Figure 3 above clearly illustrates that the calculated mean cost savings amounts to ZMW214,200.00. Furthermore, it is noteworthy that a substantial 95% of the predicted savings are expected to fall within the range extending from -ZMW32,723.10 all the way to ZMW454,227.50. This range indicates significant variability in the anticipated savings.

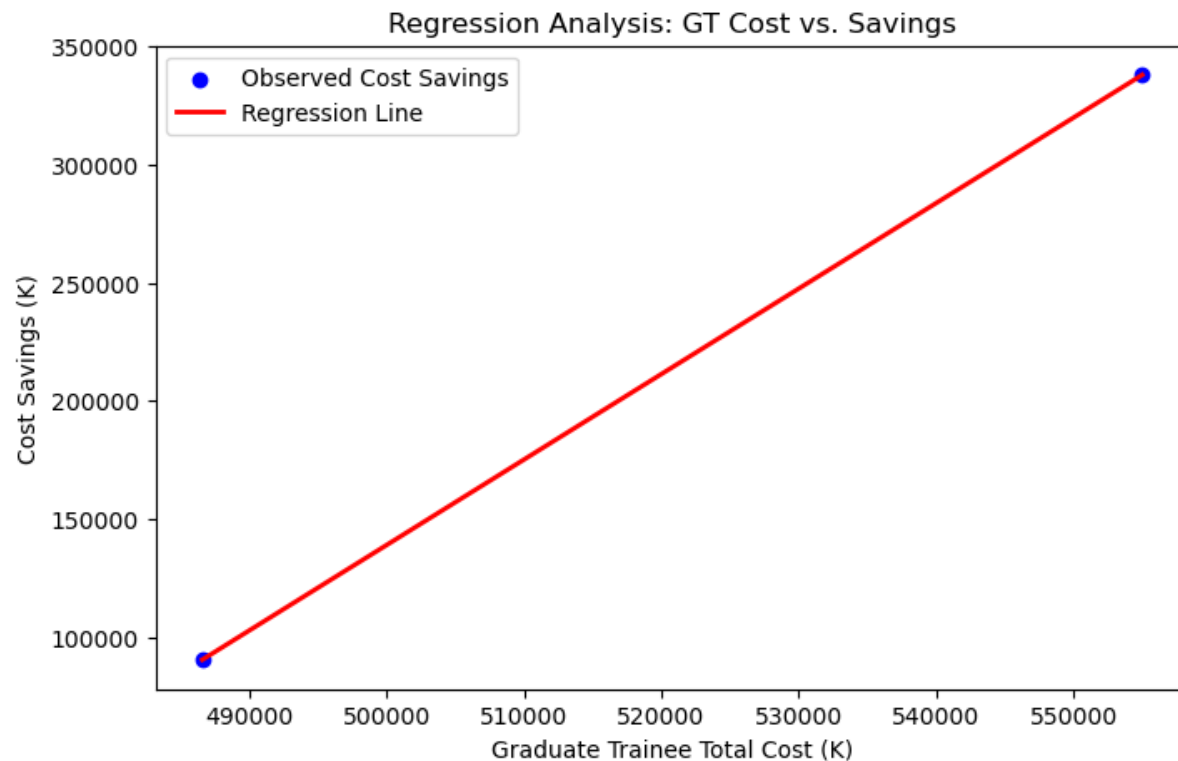


Figure 4: Regression Analysis

Source; Researcher (2023)

The regression model was constructed using two data points that signify the minimum and maximum salary estimations for both graduate trainees (GT) and external hires. This methodology was selected to establish a preliminary framework for comprehending the correlation between these variables and the associated cost savings. Although the constrained dataset limits the capacity to identify wider trends, it serves as a valuable foundation for subsequent analysis. Future endeavours will involve the integration of additional data to strengthen the model's reliability and to yield a more thorough comprehension of the associated relationships.

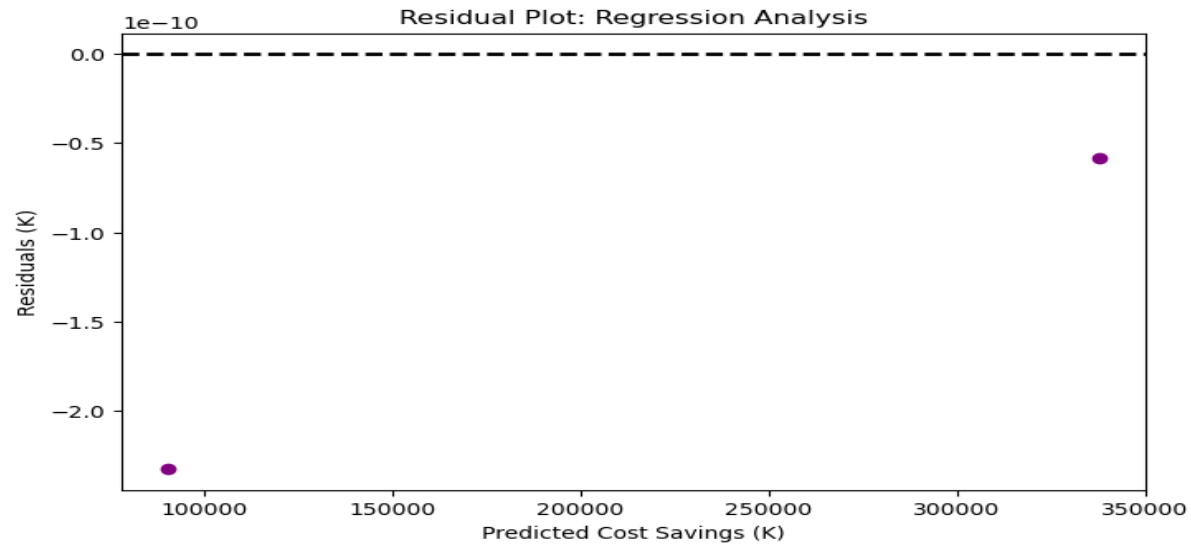
The regression model suggests a strong and significant relationship between graduate trainee costs and overall cost savings that cannot be overlooked. The model's key predictors, which are essential for understanding this relationship, include graduate trainee salaries, external hire salaries, as well as hiring costs, which all play important roles.



OLS Regression Results						
=====						
Dep. Variable:	y	R-squared:	1.000			
Model:	OLS	Adj. R-squared:	nan			
Method:	Least Squares	F-statistic:	nan			
Date:	Fri, 21 Feb 2025	Prob (F-statistic):	nan			
Time:	10:30:30	Log-Likelihood:	42.156			
No. Observations:	2	AIC:	-80.31			
Df Residuals:	0	BIC:	-82.93			
Df Model:	1					
Covariance Type:	nonrobust					
=====						
	coef	std err	t	P> t	[0.025	0.975]
-----						
x1	1.5808	inf	0	nan	nan	nan
x2	-0.5181	inf	-0	nan	nan	nan
const	-0.0417	inf	-0	nan	nan	nan
=====						
Omnibus:	nan	Durbin-Watson:	0.529			
Prob(Omnibus):	nan	Jarque-Bera (JB):	0.333			
Skew:	0.000	Prob(JB):	0.846			
Kurtosis:	1.000	Cond. No.	10.3			
=====						

*Figure 5: OLS Regression Results**Source; Researcher (2023)*

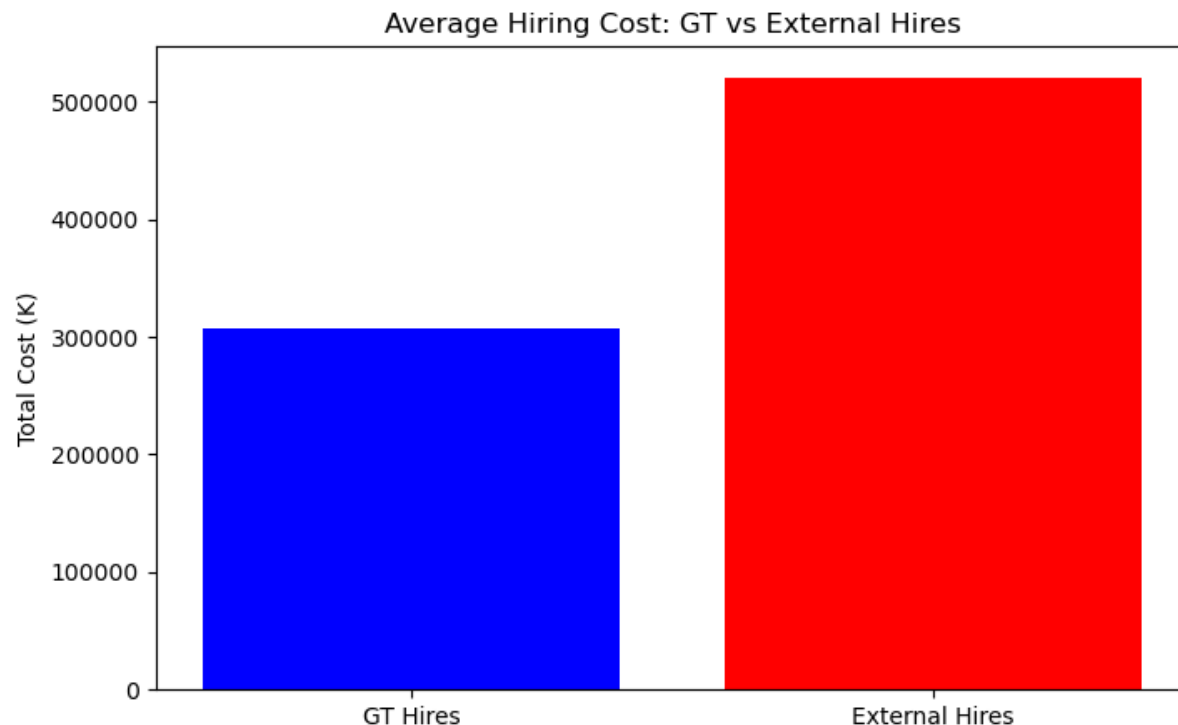
- [1] Standard Errors assume that the covariance matrix of the errors is correctly specified.
- [2] The input rank is higher than the number of observations.



*Figure 6: Residual Regression Analysis*

*Source; Researcher (2023)*

The findings presented in the residual analysis indicate that the residuals are nicely centered around zero, which strongly suggests that the model is fitting the data quite well. Furthermore, the absence of any significant pattern in the residuals reinforces the idea of a good model fit, confirming that our approach to the data has been effective.



*Figure 7: Average Hiring Cost*

*Source; Researcher (2023)*

This comprehensive analysis confirms that hiring Graduate Trainees is indeed a cost-efficient alternative to considering external hires over the long run. Furthermore, on average, hiring a Graduate Trainee is 39.74% cheaper when compared to bringing in an external candidate from outside the organization. This significant difference in cost makes it a more attractive option for companies looking to optimize their hiring processes.

## 5.0 CONCLUSION AND RECOMMENDATIONS

### 5.1 Conclusion

In conclusion, graduate trainee programs significantly reduce hiring costs while also providing long-term savings that can have a substantial impact on an organization's financial health. Even in the face of salary increases, Graduate Trainee programs continue to prove themselves as a cost-effective hiring strategy for insurance companies operating in a competitive landscape. By taking advantage of structured training initiatives tailored for Graduate Trainees, insurers effectively minimize external hiring expenses, allowing them to realize predictable and quantifiable financial benefits over time. This thorough analysis confirms that the strategy of hiring Graduate Trainees emerges as a far more cost-efficient alternative compared to engaging external hires in the long run. Furthermore, this innovative approach not only helps in significantly reducing onboarding

costs but also plays a critical role in fostering a culture of loyalty and retention within the company's workforce. By investing in the progressive development of local talent, the Zambian insurance industry can enhance its ability to align its workforce more closely with the unique needs and challenges inherent to the local market. This alignment is ultimately key to achieving improved service delivery and increased customer satisfaction across the board. Additionally, on average, hiring a Graduate Trainee is reported to be an impressive 39.74% more affordable than recruiting an external candidate, which reinforces the financial advantages that organizations can achieve through this strategic hiring practice.

## 5.2 Recommendations

In the context of graduate training programs, they represent a cost-effective approach to recruitment, particularly within industries such as insurance. As the Zambian insurance sector experiences evolving demands, there is a growing necessity for universities to tailor their educational programs to align with industry practices. Employers frequently express concerns regarding the preparedness of graduates, pointing to a notable disconnect between academic training and the practical skills essential for success in the workplace. This gap not only impacts graduates' employability but also raises questions about the relevance of higher education in a rapidly evolving economy. To address this issue, universities should leverage graduate training programs as a part of their strategy to bridge the gap between theoretical education and practical requirements. By integrating hands-on learning experiences, forming partnerships with industry stakeholders, and consistently updating course content to mirror current trends, universities can effectively prepare students with the crucial knowledge, skills, and adaptability required in the insurance sector. Implementing these graduate training initiatives can enhance the quality of education and produce a workforce that is well-equipped to meet the changing demands of Zambia's labor market. By embedding internships, cooperative education, and collaborative projects into their curricula, universities provide students with vital hands-on experience. This enables them to apply theoretical knowledge in real-world situations while developing the competencies that employers value, ultimately making graduate training programs a smart and cost-effective recruitment strategy.

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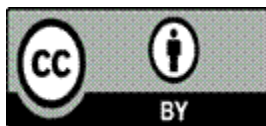
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