

The Graduate Market in 2016

Annual review of graduate vacancies & starting salaries at Britain's leading employers



Produced by **High Fliers Research**

Produced by:



High Fliers Research Limited

King's Gate

1 Bravingtons Walk

London N1 9AE

Telephone 020 7428 9000

Fax 020 7428 9111

Email surveys@highfliers.co.uk

Web www.highfliers.co.uk

All information contained in this report is believed to be correct and unbiased, but the publisher does not accept responsibility for any loss arising from decisions made upon this information.

© **High Fliers Research Limited 2016**. All rights reserved.

No part of this publication may be reproduced, stored in a retrieval system, or transmitted in any form or by any means, electronic, mechanical, photocopying or otherwise, without the prior permission of the publisher, High Fliers Research Limited.

Contents

	<i>Page</i>
Executive Summary	5
1. Introduction	7
Researching the Graduate Market	
About High Fliers Research	
The Times Top 100 Graduate Employers	
2. Graduate Vacancies	9
Job Vacancies for Graduates	
Graduates Recruited in 2015	
Expected Graduate Vacancies in 2016	
Type & Location of Graduate Vacancies in 2016	
Changes to Graduate Vacancies 2006-2016	
3. Graduate Starting Salaries	19
Starting Salaries for Graduates	
Graduate Salaries in 2016	
4. Internships & Work Placements	23
Recruiting Graduates through Work Experience Programmes	
Availability of Work Experience in 2016	
5. Graduate Recruitment in 2015-2016	26
Promoting Graduate Programmes	
Graduate Recruitment Challenges in 2015-2016	
Graduate Recruitment Promotions in 2015-2016	
Universities Targeted by Employers in 2015-2016	
Graduate Applications Received in 2015-2016	

New to graduate recruitment?

Get off to a flying start.

For the last twenty years, **High Fliers Research** has conducted detailed research into the graduate recruitment market in the UK, providing the country's leading employers with a unique insight into the attitudes and aspirations of final year university students.

Now, the company is delighted to offer **professional training** for new or recently-appointed graduate recruiters through intensive **one-day courses**, available monthly throughout the year at the High Fliers Research Centre in London. The courses have been designed to provide a highly practical insight into best-practice graduate recruitment and are ideal for those with up to 12 months experience of working in recruitment marketing or selection.

For more information about future training courses or to book a place, please call Carla Smith on 020 7428 9000 or email carla.smith@highfliers.co.uk

Foreword

Executive Summary

The Graduate Market in 2016 is a study of the latest graduate vacancies and starting salaries at the UK's one hundred best-known and most successful employers, conducted by High Fliers Research during **December 2015**:

- The number of graduates hired by organisations featured in *The Times Top 100 Graduate Employers* **rose by 3.3%** in 2015, compared with recruitment in 2014, a smaller annual increase than had been expected.
- A noticeable rise in the number of graduates turning down or renegeing on job offers that they had previously accepted meant that over **1,000 graduate positions were left unfilled** last year, reducing the graduate intake at almost a third of the UK's leading employers.
- The country's top employers plan to **expand their graduate recruitment** by a further **7.5%** in 2016, the fourth consecutive year that graduate vacancies have increased.
- This significant rise in graduate vacancies for 2016 takes recruitment beyond the **pre-recession peak** in the graduate job market in 2007, to its **highest-ever level**.
- Employers in nine out of thirteen key industries and employment areas are expecting to take on **more new graduates** than in 2015.
- The biggest growth in vacancies is expected at **public sector organisations, banking & finance employers, engineering & industrial companies** and the **Armed Forces** which together intend to recruit over 1,300 extra graduates in 2016.
- The largest individual recruiters of new graduates in 2016 will be **Teach First** (1,870 vacancies), **PwC** (1,540 vacancies) and **Deloitte** (1,100 vacancies).
- Recruiters have confirmed that 32% of this year's entry-level positions are expected to be filled by graduates who have **already worked for their organisations**, either through paid internships, industrial placements or vacation work.
- **Graduate starting salaries** at the UK's leading graduate employers are expected to **remain unchanged** in 2016, at a median starting salary of **£30,000**.
- At least a fifth of places on the top graduate programmes now provide starting salaries of more than **£35,000** and eight of the country's best-known graduate employers are paying salaries in excess of **£45,000** this year.
- The most generous salaries in 2016 are those on offer from the **investment banks** (median of £47,000), **law firms** (median of £41,000), **banking & finance companies** (median of £36,000) and **oil & energy companies** (median of £32,500).
- The highest published graduate starting salaries for 2016 include **Aldi** (£42,000), law firms **Allen & Overy, Baker & McKenzie, Herbert Smith Freehills** and **Linklaters** (all £42,000) and the **European Commission** (£41,500).

- There is very little evidence that graduate starting salaries are rising in reaction to the introduction of **higher university tuition fees** – most employers that have opted to increase their graduate pay in either 2015 or 2016 appear to have done so in order to compete effectively with other employers recruiting graduates.
- More than **90%** of the UK's leading graduate employers are offering **paid** work experience programmes for students and recent graduates during the 2015-2016 academic year – an unprecedented **14,058 places** are available.
- Three-quarters of employers provide **paid vacation internships** for **penultimate year students** and at least half offer **industrial placements** for undergraduates (typically lasting 6-12 months as part of a university degree course).
- Increasing numbers of employers now also have work experience places for **first year undergraduates** – over a quarter of organisations offer paid internships and two-fifths of employers run introductory courses, open days and other taster experiences for first year students.
- Almost **half the recruiters** who took part in the research repeated their warnings from previous years – that graduates who have had **no** previous work experience at all are **unlikely to be successful** during the selection process and have **little or no chance** of receiving a job offer for their organisations' graduate programmes.
- More than a quarter of the country's leading employers have **increased** their graduate recruitment budgets for the 2015-2016 recruitment round.
- Employers have been actively marketing their 2016 graduate vacancies at an average of **20** UK universities, using a variety of campus **recruitment presentations**, local **careers fairs**, **skills training** events, promotions through **university careers services**, **online advertising** and **social media**.
- Graduate recruiters made more use of **social media**, university **recruitment presentations**, **skills training events**, **drop-in sessions** and **campus brand managers** during this year's recruitment campaigns – and did less **advertising** in local career guides and sector guides.
- The ten universities most-often targeted by Britain's top graduate employers in 2015-2016 are Manchester, Nottingham, Warwick, Bristol, Cambridge, Oxford, University College London, Durham, Bath and Leeds.
- Over half the UK's leading employers said they had received **more completed graduate job applications** during the early part of the recruitment season than they had last year and two-fifths believed the quality of applications had improved too.
- Together, the country's top employers have received **13% more graduate job applications** so far, compared with the equivalent period in the 2014-2015 recruitment round.

Chapter 1

Introduction

Researching the Graduate Market

Welcome to **The Graduate Market in 2016**, the annual review of graduate vacancies and starting salaries at Britain's top employers, produced by **High Fliers Research**.

This research, conducted during December 2015, examines how many graduates the leading employers recruited in 2015 and assesses their latest recruitment targets for 2016.

It also analyses the starting salaries on offer to new graduates, the number of paid work experience places that are available to students & recent graduates, and reviews the promotions being used by employers to publicise their graduate vacancies during the 2015-2016 recruitment season.

This is the eleventh year that High Fliers Research has produced its independent assessment of the graduate job market. The research is based on a study of graduate recruitment at the organisations named as *The Times Top 100 Graduate Employers 2015* in a poll of 18,412 final year students to find "Which employer offers the best opportunities for graduates".

About High Fliers Research

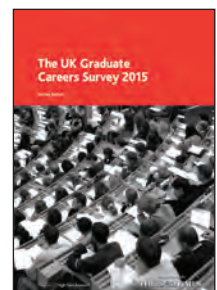
Established in 1994, **High Fliers Research** is an independent market research company which specialises in student and graduate research. It has worked with more than 150 leading employers to measure the impact of their graduate recruitment campaigns on campus and help them understand their position in the graduate job market.

The company is best-known for *The UK Graduate Careers Survey* – its comprehensive annual study of over 18,000 final year undergraduates at thirty leading universities – which is supported and funded by up to 70 national & international employers each year.

The survey gives employers a unique insight into the career expectations and aspirations of final year students – just weeks before they graduate – and provides a definitive record of their search for a graduate job.

Since 2005, High Fliers Research has also conducted regular surveys of Britain's top employers to research current graduate vacancy levels, starting salaries and benchmark the latest graduate recruitment practices. The company hosts *The National Graduate Recruitment Conference*, a one-day event held exclusively for graduate recruiters in September each year, as well as providing monthly professional training courses for new recruiters.

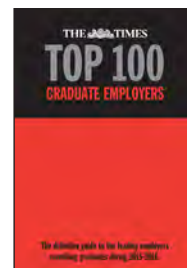
Internationally, High Fliers Research has worked closely with the **Australian Association of Graduate Employers**, the **South African Graduate Recruitment Association** and the **New Zealand Association of Graduate Employers** to carry out their annual surveys of graduate employers, new recruits and young managers.



The Times Top 100 Graduate Employers

As part of the campus research for *The UK Graduate Careers Survey 2015*, 18,412 final year students from thirty leading universities were asked the unprompted question “Which employer do you think offers the best opportunities for graduates?”.

Between them, finalists named over 1,500 different organisations during the survey – the one hundred employers with the most student votes formed **The Times Top 100 Graduate Employers** for 2015.



It is these employers that are included in the research for *The Graduate Market in 2016* report:

<i>Accenture</i>	<i>Danone</i>	<i>McDonald's</i>
<i>AECOM</i>	<i>Deloitte</i>	<i>McKinsey & Company</i>
<i>Airbus</i>	<i>Deutsche Bank</i>	<i>MI5 - The Security Service</i>
<i>Aldi</i>	<i>Diageo</i>	<i>Microsoft</i>
<i>Allen & Overy</i>	<i>DLA Piper</i>	<i>Mondelez International</i>
<i>Amazon</i>	<i>Dyson</i>	<i>Morgan Stanley</i>
<i>Apple</i>	<i>European Commission</i>	<i>Mott Macdonald</i>
<i>Army</i>	<i>ExxonMobil</i>	<i>National Grid</i>
<i>Arup</i>	<i>EY</i>	<i>Nestle</i>
<i>Asda</i>	<i>Facebook</i>	<i>Network Rail</i>
<i>AstraZeneca</i>	<i>First Derivatives</i>	<i>Newton Europe</i>
<i>Atkins</i>	<i>Freshfields Bruckhaus Deringer</i>	<i>NGDP for Local Government</i>
<i>BAE Systems</i>	<i>Frontline</i>	<i>NHS</i>
<i>Bain & Company</i>	<i>GE</i>	<i>Norton Rose Fulbright</i>
<i>Baker & McKenzie</i>	<i>GlaxoSmithKline</i>	<i>Oxfam</i>
<i>Bank of America Merrill Lynch</i>	<i>Goldman Sachs</i>	<i>Penguin Random House</i>
<i>Bank of England</i>	<i>Google</i>	<i>Police</i>
<i>Barclays</i>	<i>Grant Thornton</i>	<i>Procter & Gamble</i>
<i>BBC</i>	<i>Herbert Smith Freehills</i>	<i>PwC</i>
<i>BDO</i>	<i>Hogan Lovells</i>	<i>RBS</i>
<i>BlackRock</i>	<i>HSBC</i>	<i>Rolls-Royce</i>
<i>Bloomberg</i>	<i>IBM</i>	<i>Royal Navy</i>
<i>Boots</i>	<i>Jaguar Land Rover</i>	<i>Sainsbury's</i>
<i>Boston Consulting Group</i>	<i>John Lewis Partnership</i>	<i>Shell</i>
<i>BP</i>	<i>JP Morgan</i>	<i>Siemens</i>
<i>British Airways</i>	<i>KPMG</i>	<i>Sky</i>
<i>BT</i>	<i>L'Oréal</i>	<i>Slaughter and May</i>
<i>Cancer Research UK</i>	<i>Lidl</i>	<i>Teach First</i>
<i>Centrica</i>	<i>Linklaters</i>	<i>Tesco</i>
<i>Citi</i>	<i>Lloyd's</i>	<i>Transport for London</i>
<i>Civil Service</i>	<i>Lloyds Banking Group</i>	<i>UBS</i>
<i>Clifford Chance</i>	<i>Marks & Spencer</i>	<i>Unilever</i>
<i>Credit Suisse</i>	<i>Mars</i>	<i>Wellcome Trust</i>
		<i>WPP</i>

Chapter 2

Graduate Vacancies

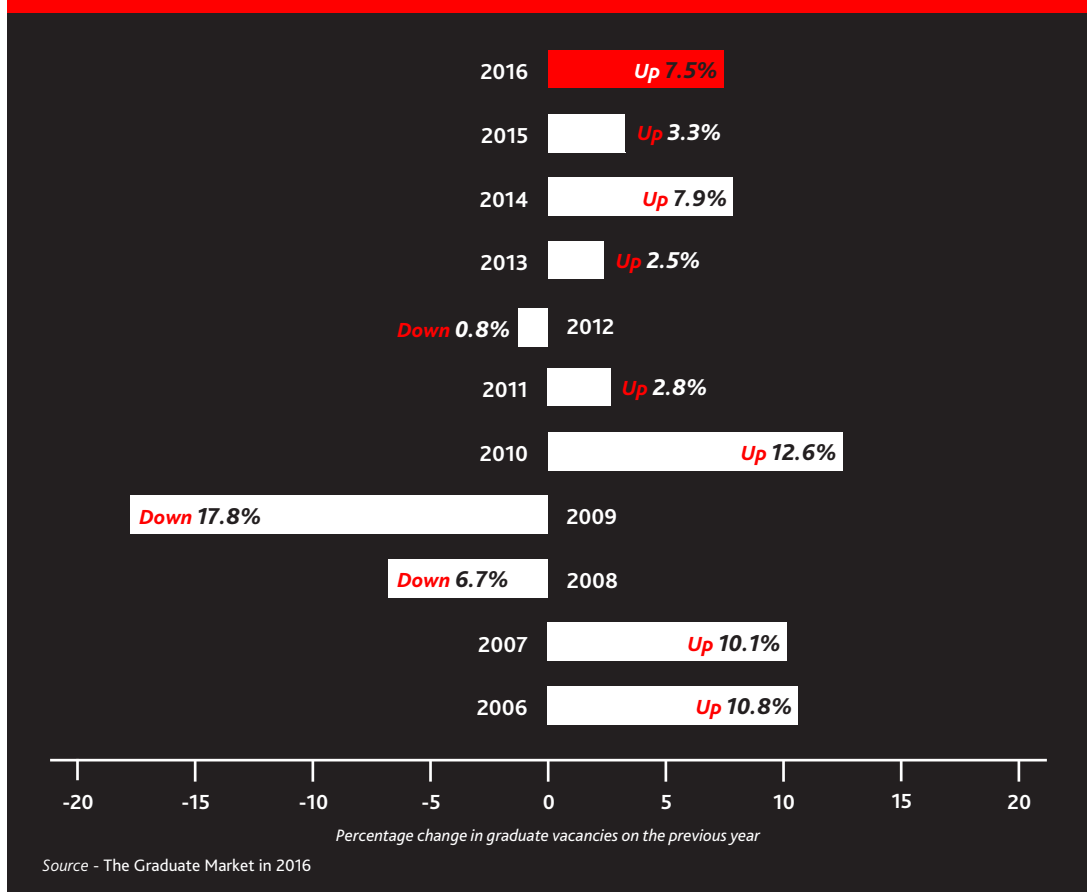
Job Vacancies for Graduates

The first part of the research examines the number of graduate vacancies available at the UK's leading employers in 2016, compared with actual recruitment in 2015. Graduate vacancies for 2016 are typically positions with an autumn 2016 start date, promoted during the current 2015-2016 recruitment season.

The Graduate Market in 2015 confirmed that the country's top employers expanded their graduate recruitment by almost 8% in 2014 – the largest annual rise for four years– and that recruitment targets were expected to rise by a further 8% in 2015, taking graduate vacancies to their highest level since 2007.

The latest research shows that although fewer graduates than expected were recruited last year, the outlook for 2016 is very upbeat and the UK's leading employers plan to hire 7.5% more graduates than in 2015 (see *Chart 2.1*).

Chart 2.1 How Employers' Vacancies for Graduates Changed from 2006 to 2016



Graduates Recruited in 2015

At the beginning of the 2014-2015 graduate recruitment season in September 2014, it was clear that a renewed confidence had returned to the graduate job market, following the substantial increase in graduate vacancies in 2014. The leading employers were preparing to expand their graduate programmes even further and planned to hire almost 1,500 additional new recruits in 2015, compared with their graduate intake in 2014.

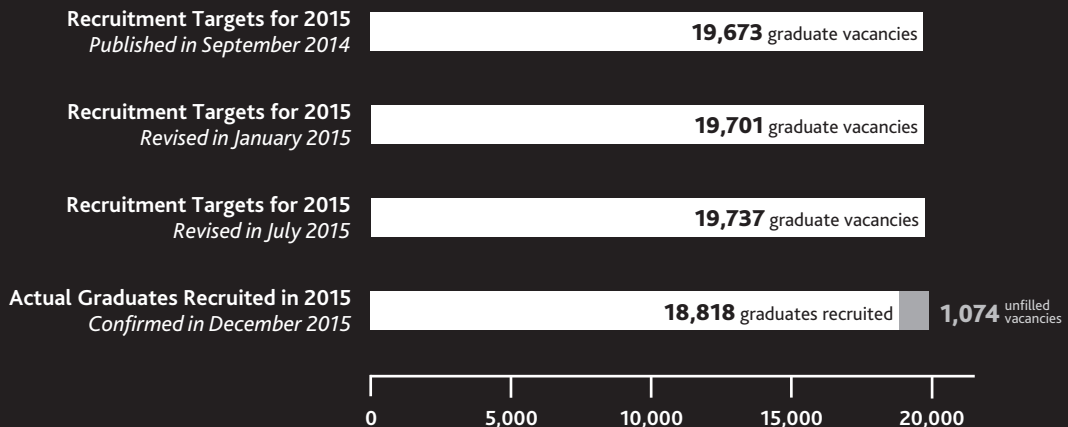
As the recruiting round unfolded, this confidence continued and employers' graduate recruitment targets increased gradually during the season. By January 2015, recruiters were expecting the annual rise in recruitment would be at least 8% and in July 2015, the final estimate concluded the annual growth in graduate jobs would be 8.3% (see *Chart 2.2*). This was only the second time since before the recession that recruitment targets had risen at each stage of the recruitment season and by the summer of 2015, recruiters in nine out of thirteen key industries expected that their graduate intake would be higher than in 2014.

The latest research shows, however, that a total of 18,818 graduates actually started work with the organisations featured in *The Times Top 100 Graduate Employers* – substantially fewer than had been expected (see *Table 2.4*). Although this still represented an increase on the number of graduates recruited in 2014, the annual rise of 3.3% was considerably smaller than had been anticipated.

It is evident that the buoyant job market has had a significant impact and in a number of sectors graduate vacancies were left unfilled, either because graduates turned down employers' job offers or because they reneged on offers that they had previously accepted earlier in the recruitment season. For some organisations, a lack of applicants for certain harder-to-fill vacancies made recruitment more challenging and at several employers, late increases to recruitment targets made it impossible to source additional graduates in time.

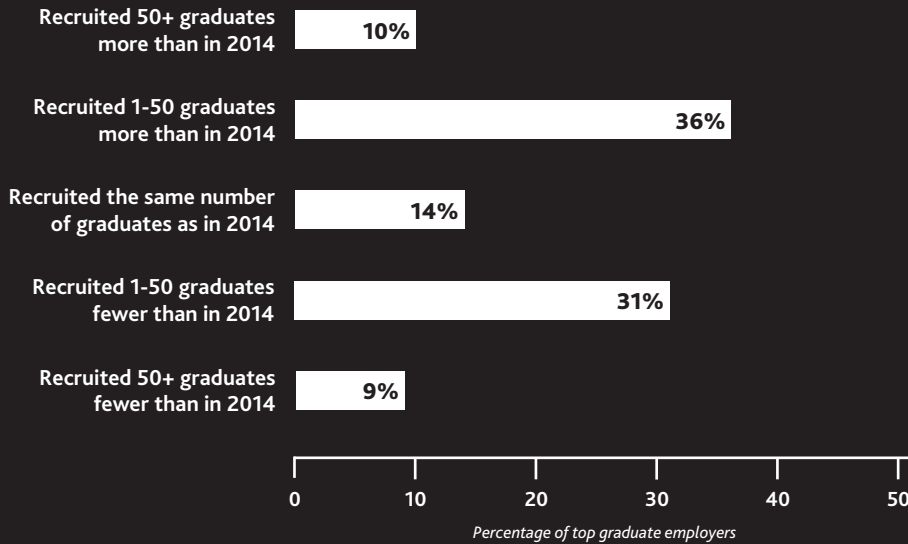
In all, more than 1,000 graduate vacancies were left unfilled in 2015, an unprecedented number for the UK's leading employers. A total of thirty organisations reported having graduate positions that they were unable to recruit for and a further nineteen employers took on fewer graduates than had been predicted in July 2015.

Chart 2.2 How Graduate Recruitment Targets Changed during 2015



Graduate vacancies at Britain's top employers in 2015

Source - The Graduate Market in 2016

Chart 2.3 How Employers' Graduate Vacancies Changed in 2015, compared with 2014

Source - The Graduate Market in 2016

Table 2.4 Analysis of Graduate Vacancies in 2015, by Industry or Business Sector

Industry or Business Sector	Recruitment target for 2015, as published in Sept 2014	Recruitment target for 2015, as revised in Jan 2015	Recruitment target for 2015, as revised in July 2015	Actual graduates recruited by Dec 2015	% change from recruitment in 2014	Vacancies added (cut), compared with 2014
Accounting & professional services	4,500	4,624	4,947	4,686	▲ 12.3%	512
Armed Forces	1,300	1,246	1,079	1,095	▲ 0.1%	1
Banking & finance	1,330	1,319	1,394	1,163	▲ 6.5%	71
Consulting	570	610	870	811	▲ 29.8%	186
Consumer goods	375	396	383	321	▼ 10.6%	(38)
Engineering & industrial	1,675	1,708	1,652	1,568	▼ 3.6%	(58)
Investment banking	1,895	1,820	1,944	1,906	▲ 7.1%	127
IT & telecommunications	786	845	856	972	▲ 14.9%	126
Law	750	780	774	752	▲ 6.7%	47
Media	504	661	661	489	▼ 36.7%	(284)
Oil & energy	535	394	343	370	▼ 17.0%	(76)
Public sector	3,852	3,771	3,541	3,269	▼ 1.4%	(48)
Retailing	1,383	1,314	1,088	1,215	▲ 5.3%	61
ALL SECTORS	19,673	19,701	19,737	18,818	▲ 3.3%	596

Source - The Graduate Market in 2016

Expected Graduate Vacancies in 2016

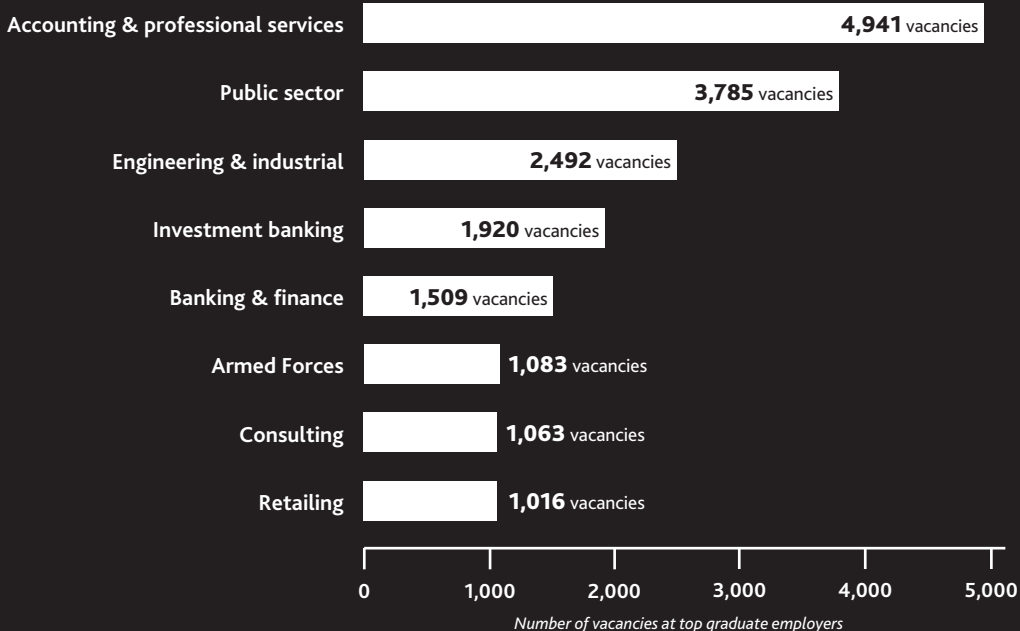
Although the organisations featured in *The Times Top 100 Graduate Employers* hired fewer graduates than planned in 2015, it marked the third consecutive year that employers’ graduate recruitment programmes have expanded.

This expansion seems set to continue apace in 2016, with a 7.5% annual increase in graduate vacancies expected at the country’s leading employers, taking graduate recruitment to its highest-ever level. Two-fifths of organisations are preparing to take on more graduates, with five employers confident that they’ll be hiring at least a hundred extra graduates during 2016. Over a third of employers plan to recruit similar numbers of graduates to their 2015 intake, whilst a fifth have fewer entry-level vacancies this year. The median number of vacancies at the top employers in 2016 is 100 graduates but nine of the largest employers are intending to recruit more than 500 university-leavers in the coming months (see *Chart 2.6*).

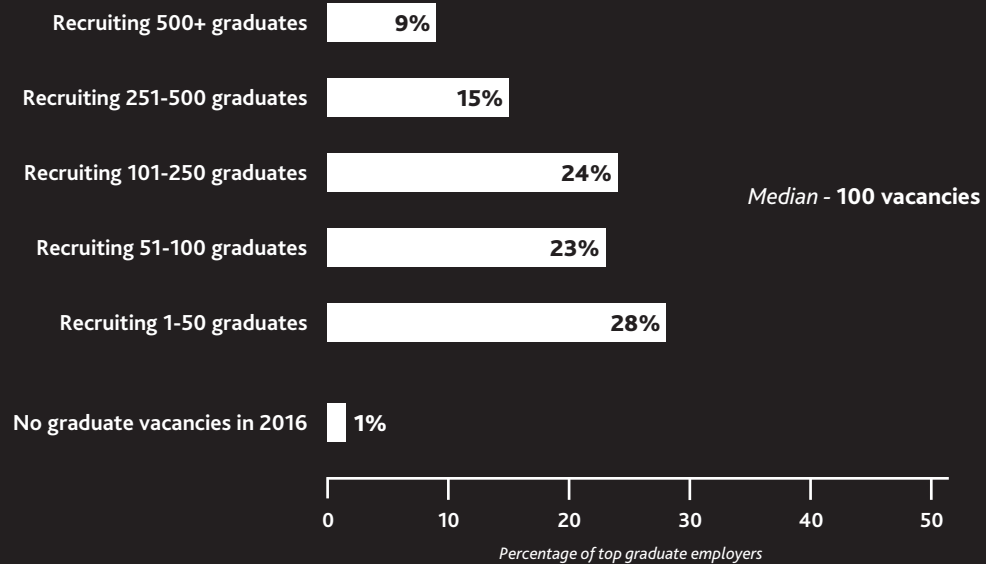
The largest recruiters of graduates in 2016 are expected to be the accounting & professional services firms, public sector employers, engineering & industrial firms and investment banks who have combined recruitment targets of over 13,000 graduate positions (see *Chart 2.5*). By comparison with the final recruitment figures for 2015, vacancies for graduates are set to increase in nine of the thirteen main employment areas (see *Table 2.7*). The biggest growth is at public sector organisations, banking & finance employers, engineering & industrial companies and the Armed Forces, which together expect to have over 1,300 extra graduate roles in 2016.

Whilst this data confirms there will be a further welcome increase in the number of new graduate jobs available at the UK’s top employers in 2016, recruiters warn that 32% of all vacancies are expected to be filled by undergraduates who have had previous work experience with their organisations, such as paid internships or industrial placements.

Chart 2.5 Industries or Business Sectors with the most Graduate Vacancies in 2016



Source - The Graduate Market in 2016

Chart 2.6 Graduate Vacancies at the UK's Top Employers in 2016

Source - The Graduate Market in 2016

Table 2.7 Analysis of Graduate Vacancies in 2016, by Industry or Business Sector

Industry or Business Sector	Recruitment target for 2016, as published in Sept 2015	Recruitment target for 2016, as revised in Dec 2015	% change from recruitment in 2015	Vacancies added (cut), compared with 2015	% of vacancies likely to be filled by graduates who had already worked for employer
Accounting & professional services	5,650	4,941	▲ 1.0%	51	29
Armed Forces	1,050	1,083	▲ 36.2%	288	2
Banking & finance	1,830	1,509	▲ 31.4%	361	52
Consulting	1,030	1,063	▲ 5.1%	52	33
Consumer goods	390	310	▼ 4.9%	(16)	47
Engineering & industrial	2,475	2,492	▲ 13.8%	303	31
Investment banking	2,200	1,920	▲ 0.7%	14	77
IT & telecommunications	861	955	▼ 4.2%	(42)	33
Law	755	745	▼ 0.9%	(7)	56
Media	500	485	NO CHANGE	-	32
Oil & energy	320	319	▲ 0.3%	1	41
Public sector	3,840	3,785	▲ 11.5%	391	8
Retailing	1,175	1,016	▲ 4.2%	41	22
ALL SECTORS	22,300	20,798	▲ 7.5%	1,454	32

Source - The Graduate Market in 2016

Location & Type of Graduate Vacancies in 2016

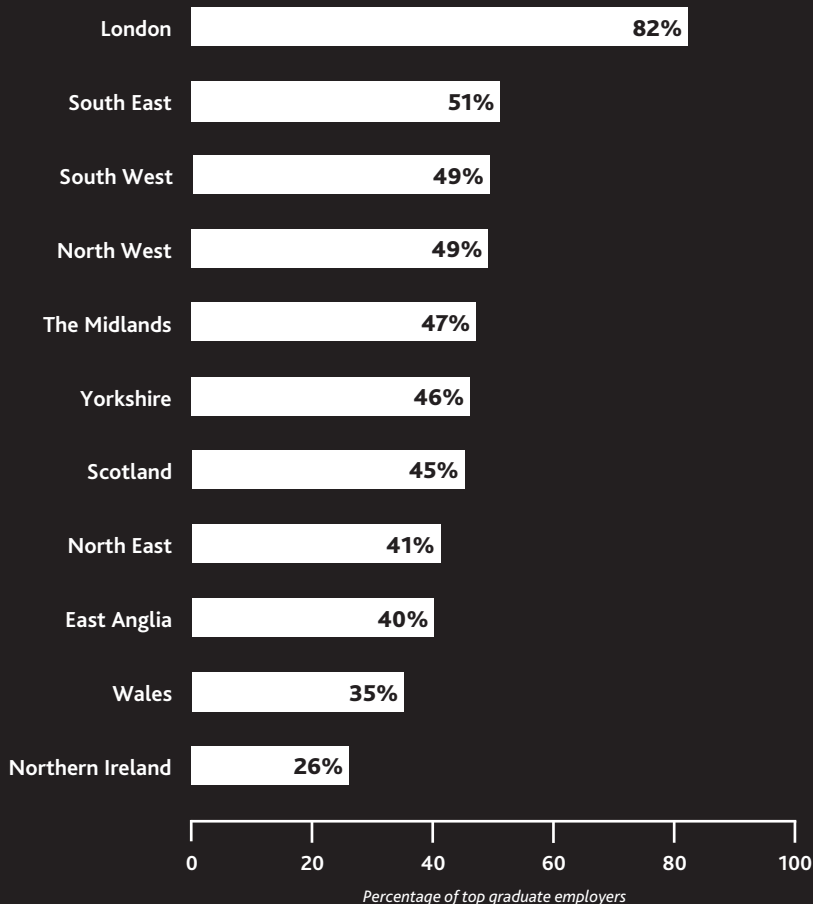
Looking at where in the UK employers expect to recruit graduates for shows that more than four-fifths of organisations are offering vacancies in London for 2016 and half plan to hire new recruits for positions in the south east of England (see *Chart 2.8*). Although this doesn't necessarily mean that the majority of graduate vacancies are in or around the M25, it does confirm that most major employers have opportunities within the region.

The south west of England, the north west and the Midlands have the next highest numbers of employers recruiting graduates into them, followed by Yorkshire. Of all the English regions, East Anglia and the north east are the least likely to yield graduate vacancies – two-fifths of employers have opportunities there in 2015.

A total of 45% and 35% of graduate employers have entry-level jobs on offer in Scotland and Wales respectively and a quarter are recruiting for opportunities in Northern Ireland.

The Graduate Market in 2016 also records the type of job functions that employers are hoping to recruit graduates into this year. The most frequent requirement is for IT and finance vacancies – over half of all employers offer roles in these areas, irrespective of their organisation's main purpose (see *Chart 2.9*). More than a third of employers have vacancies

Chart 2.8 Location of Graduate Vacancies at leading UK Employers in 2016

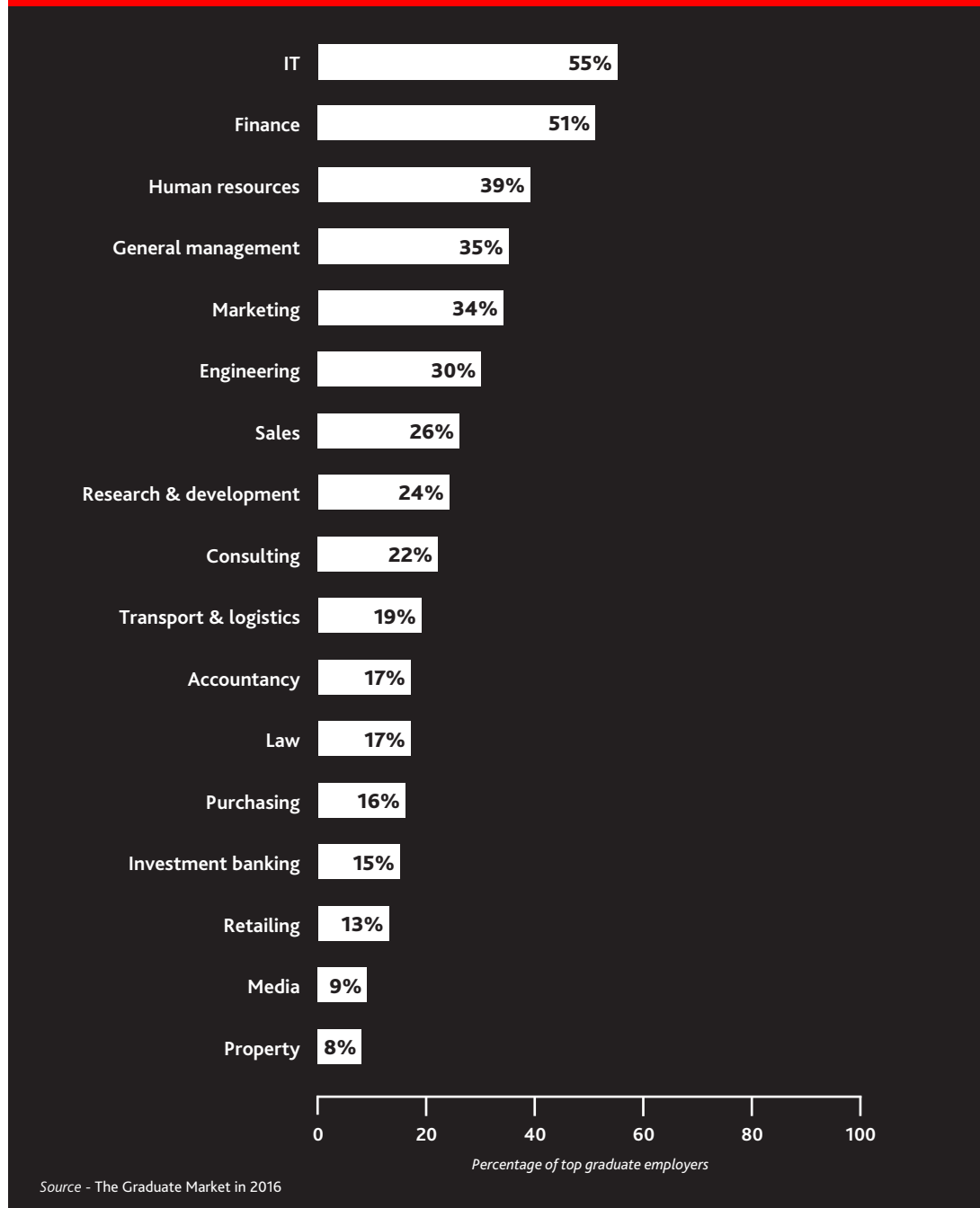


Source - The Graduate Market in 2016

in human resources, general management or marketing, at least a quarter are recruiting for engineering or sales positions and approximately a quarter are looking for graduates to work in research & development or consulting.

These latest results underline the obvious disparity between what organisations are perceived to do and their potential recruitment needs. For example, the number of vacancies at so-called ‘IT companies’ is relatively small and yet the volume of graduates needed to work in IT functions at a wide range of employers in other business sectors is very substantial.

Chart 2.9 Type of Graduate Vacancies at leading UK Employers in 2016



Changes to Graduate Vacancies 2006-2016

Both 2006 and 2007 proved to be boom years in graduate recruitment – the number of vacancies for university-leavers at the UK’s leading graduate employers increased by more than 10% annually and there were more opportunities for graduates in each of fourteen key industries and business sectors.

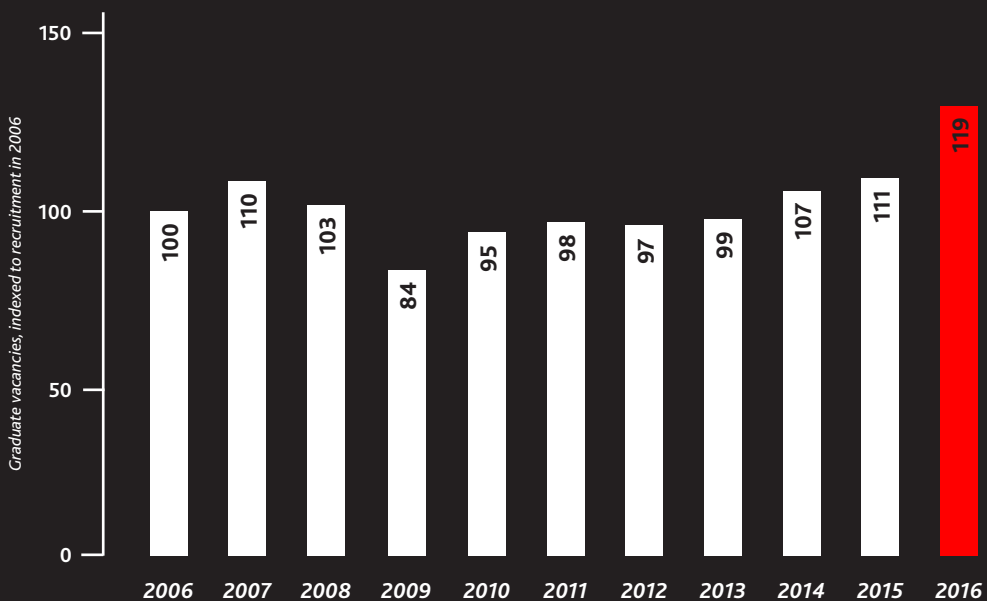
But the onset of the global financial crisis and the recession that followed in the UK had a profound effect on the graduate market and graduate vacancies at organisations featured in *The Times Top 100 Graduate Employers* fell by an unprecedented 23.3% in 2008 and 2009. Entry-level positions were cut in thirteen of the fourteen most sought-after employment sectors and, in all, some fifty-nine employers saw their graduate recruitment decline.

The worst of the cuts took place at the investment banks, IT & telecoms firms, chemical & pharmaceuticals companies and within the media, where vacancies halved during the course of the two recruitment rounds. Just one employment area, the public sector, managed to increase its graduate recruitment, stepping up vacancies by 45% during this two-year period.

It is interesting to benchmark how graduate vacancies have changed over the last ten years (see *Chart 2.10*). This indexing of vacancies to 2006 recruitment shows how dramatically the onset of economic downturn effected graduate recruitment eight years ago. After reaching a pre-recession peak in graduate recruitment in 2007, the opportunities for graduates were cut by almost a quarter in the following two recruiting seasons and by 2009 graduate recruitment had returned to a similar level to that recorded in 2004.

Twelve months later, the graduate job market bounced back convincingly and vacancies grew by 12.6% in 2010, with a further increase of 2.8% in 2011. The recovery stalled again in 2012 but recruitment increased once more in 2013, taking vacancies to their highest level for five years. The significant 7.9% rise in graduate hires recorded in 2014, combined with

Chart 2.10 Indexing Graduate Vacancies at the UK’s Top Employers 2006 to 2016



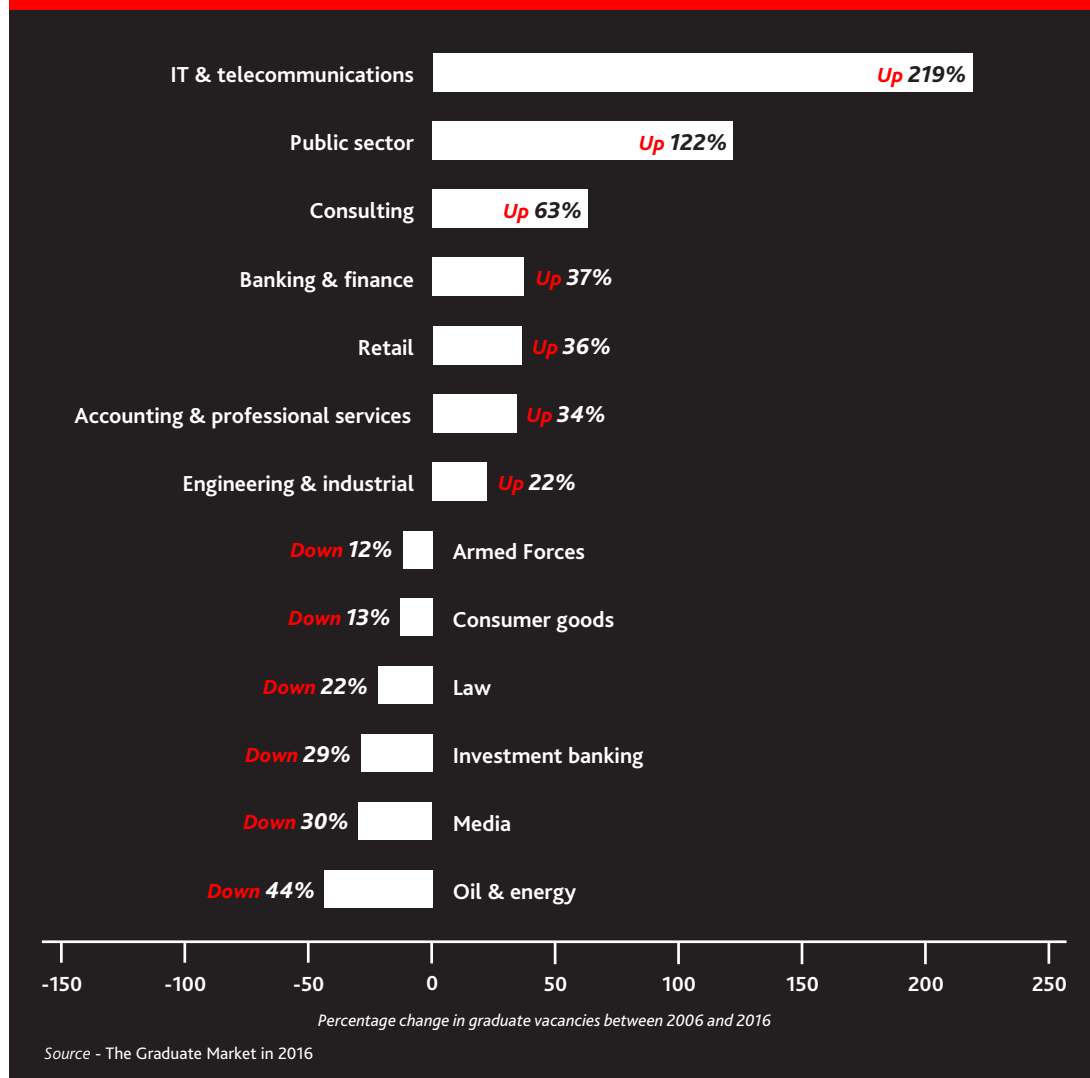
Source - The Graduate Market in 2016

the increase of 3.3% now confirmed for last year, means that graduate recruitment in 2015 finally matched the bumper intake of graduates previously seen in 2007.

This year’s predicted 7.5% increase in entry-level vacancies takes graduate recruitment to an all-time high, with almost a fifth more opportunities for university-leavers than a decade ago and over 40% more vacancies than in 2009, the low-point in the graduate job market during the economic crisis.

Comparing this year’s graduate recruitment targets in individual industries and business sectors with the volume of new recruits hired in 2006 shows that in seven key employment areas, graduate vacancies are now higher than they were ten years ago (see *Chart 2.11*). The number of entry-level positions available for graduates in IT & telecommunications and in the public sector has more than doubled over the last ten years, whilst recruitment at the top consulting firms has increased by two-thirds. However, graduate recruitment at the largest oil & energy groups, media companies, City investment banks, the top law firms, consumer goods manufacturers and the Armed Forces remains lower than it was in 2006.

Chart 2.11 How Graduate Vacancies Changed 2006 to 2016, by Sector or Industry



Summary

- The number of graduates hired by organisations featured in *The Times Top 100 Graduate Employers* **rose by 3.3%** in 2015, compared with recruitment in 2014, a smaller annual increase than had been expected.
- A noticeable rise in the number of graduates turning down or renegeing on job offers that they had previously accepted meant that over **1,000 graduate positions were left unfilled** last year, reducing the graduate intake at almost a third of the UK's leading employers.
- The country's top employers plan to **expand their graduate recruitment** by a further **7.5%** in 2016, the fourth consecutive year that graduate vacancies have increased.
- This significant rise in graduate vacancies for 2016 takes recruitment beyond the **pre-recession peak** in the graduate job market in 2007, to its **highest-ever level**.
- Employers in nine out of thirteen key industries and employment areas are expecting to take on **more new graduates** than in 2015.
- The biggest growth in vacancies is expected at **public sector organisations, banking & finance employers, engineering & industrial companies** and the **Armed Forces** which together intend to recruit over 1,300 extra graduates in 2016.
- The largest individual recruiters of new graduates in 2016 will be **Teach First** (1,870 vacancies), **PwC** (1,540 vacancies) and **Deloitte** (1,100 vacancies).
- Recruiters have confirmed that 32% of this year's entry-level positions are expected to be filled by graduates who have **already worked for their organisations**, either through paid internships, industrial placements or vacation work.

Chapter 3

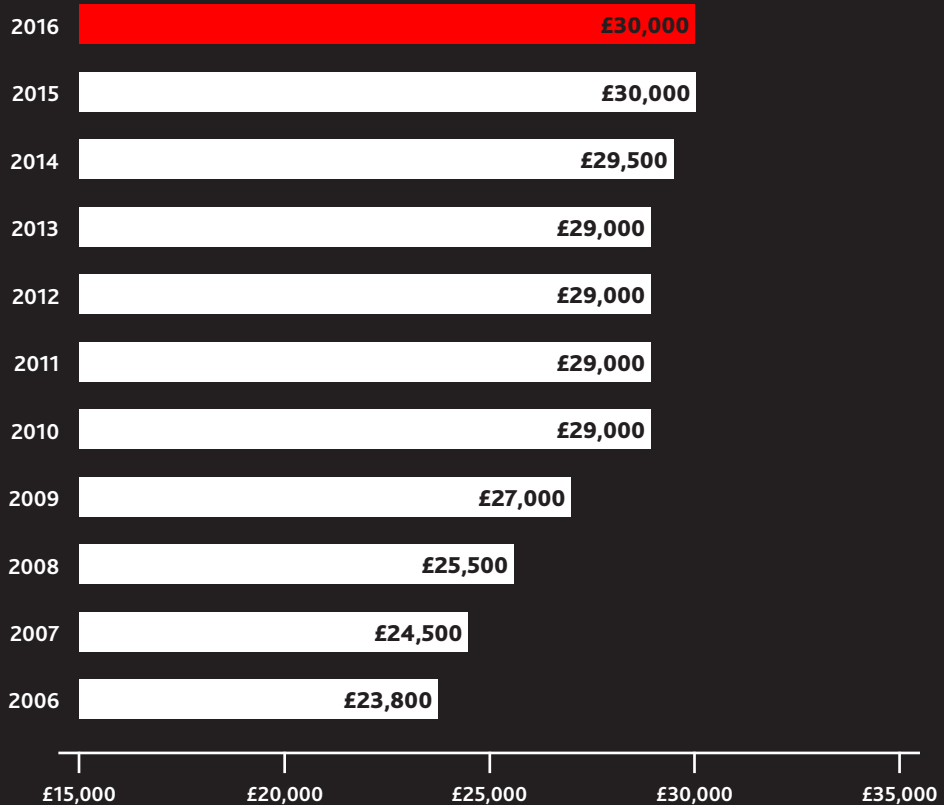
Graduate Starting Salaries

Starting Salaries for Graduates

The second part of the research examines the starting salaries that top employers are preparing to pay new graduates due to begin work in 2016, compared with salaries paid to graduate recruits who joined their organisations in 2015. The starting salaries quoted are generally the average national salaries that have been promoted by employers during the 2014-2015 and 2015-2016 recruitment rounds. The figures do not include additional benefits such as relocation allowances, regional weighting, subsidised company facilities or bonus schemes.

For five years running until 2010, graduate starting salaries rose each year. Annual increases were initially 'cost-of-living' increases of 2-3%, but more generous rises followed in 2009 and again in 2010 as the graduate job market improved (see *Chart 3.1*). The median starting salary remained unchanged at £29,000 from 2010 to 2013, but increased slightly in 2014 and had a further modest rise in 2015, taking the median salary to £30,000 for the first time.

Chart 3.1 How Employers' Graduate Starting Salaries Changed from 2006 to 2016



Source - The Graduate Market in 2016

Median starting salaries

Graduate Starting Salaries in 2016

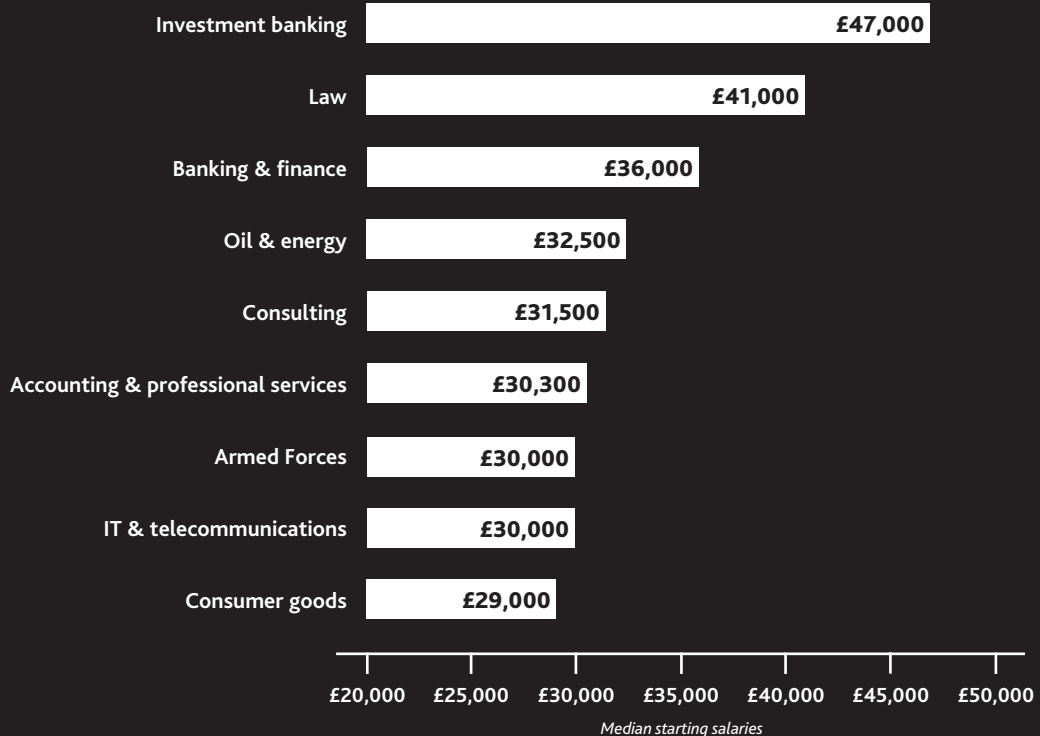
The median starting salary for new graduates joining the UK’s leading employers in 2016 is expected to be unchanged at £30,000, despite the fact that more than two-fifths of organisations have opted to increase their starting salaries this year.

Five major employers plan to pay their new graduates £20,000 or less in 2016, and yet at the very top of the market, three well-known investment banks are providing basic salaries of at least £50,000 this year and one in five graduates joining the leading employers can expect to be paid a starting salary in excess of £35,000 (see *Chart 3.3*). Away from the City and the legal sector, the highest published salaries are again at Aldi, which pays graduates training to become area managers a first-year salary of £42,000, and the European Commission, where new graduates are paid a starting salary of £41,500.

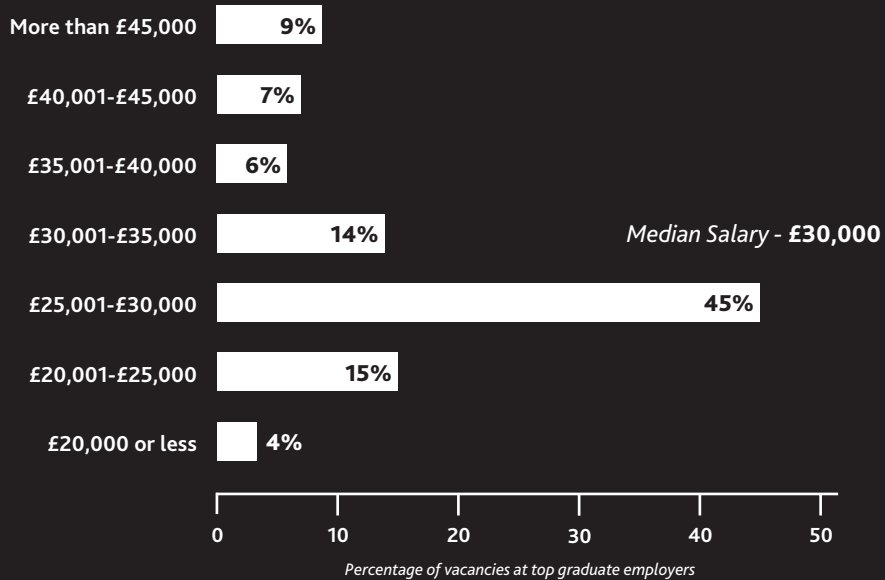
It is interesting to see that graduate employers within the two highest-paying sectors – City investment banks and the law firms (see *Chart 3.2*) – have opted to increase their starting salaries this year. The median starting salary available to new graduates has also risen at the accounting & professional services firms, consumer goods companies and media firms (see *Table 3.3*). Median salaries remain unchanged in eight industries and business sectors.

Although graduates from the ‘Class of 2016’ are the first full year-group to have paid tuition fees of £9,000-a-year for their degrees, there is very little evidence that graduate starting salaries have increased because of this – most employers that have stepped-up their graduate pay recently seem to have done so in order to compete effectively with other employers, either within their own industry or sector or beyond.

Chart 3.2 Industries or Business Sectors with the highest Graduate Salaries in 2016



Source - The Graduate Market in 2016

Chart 3.3 Graduate Starting Salaries at leading UK Employers in 2016

Source - The Graduate Market in 2016

Table 3.4 Analysis of Graduate Salaries in 2016, by Industry or Business Sector

Industry or Business Sector	Median graduate starting salary for 2016	Range of graduate starting salaries on offer in 2016	% change in median salary since 2015	Increase (decrease) in median salary
Accounting & professional services	£30,300	£16,000-£42,000	▲ 1.0%	£300
Armed Forces	£30,000	£25,500-£30,000	NO CHANGE	NO CHANGE
Banking & finance	£36,000	£27,000-£50,000	NO CHANGE	NO CHANGE
Consulting	£31,500	£28,500-£50,000	NO CHANGE	NO CHANGE
Consumer goods	£29,000	£27,000-£32,000	▲ 1.8%	£500
Engineering & industrial	£26,000	£23,000-£31,000	NO CHANGE	NO CHANGE
Investment banking	£47,000	£35,000-£56,000	▲ 4.4%	£2,000
IT & telecommunications	£30,000	£27,500-£34,700	NO CHANGE	NO CHANGE
Law	£41,000	£32,000-£42,000	▲ 2.5%	£1,000
Media	£27,000	£20,800-£35,000	▲ 8.0%	£2,000
Oil & energy	£32,500	£27,000-£45,000	NO CHANGE	NO CHANGE
Public sector	£21,000	£19,600-£41,000	NO CHANGE	NO CHANGE
Retailing	£26,000	£21,000-£42,000	NO CHANGE	NO CHANGE
ALL SECTORS	£30,000	£16,000-£56,000	NO CHANGE	NO CHANGE

Source - The Graduate Market in 2016

Summary

- **Graduate starting salaries** at the UK's leading graduate employers are expected to **remain unchanged** in 2016, at a median starting salary of **£30,000**.
- At least a fifth of places on the top graduate programmes now provide starting salaries of more than **£35,000** and eight of the country's best-known graduate employers are paying salaries in excess of **£45,000** this year.
- The most generous salaries in 2016 are those on offer from the **investment banks** (median of £47,000), **law firms** (median of £41,000), **banking & finance companies** (median of £36,000) and **oil & energy companies** (median of £32,500).
- The highest published graduate starting salaries for 2016 include **Aldi** (£42,000), law firms **Allen & Overy**, **Baker & McKenzie**, **Herbert Smith Freehills** and **Linklaters** (all £42,000) and the **European Commission** (£41,500).
- There is very little evidence that graduate starting salaries are rising in reaction to the introduction of **higher university tuition fees** – most employers that have opted to increase their graduate pay in either 2015 or 2016 appear to have done so in order to compete effectively with other employers recruiting graduates.

Chapter 4

Internships & Work Placements

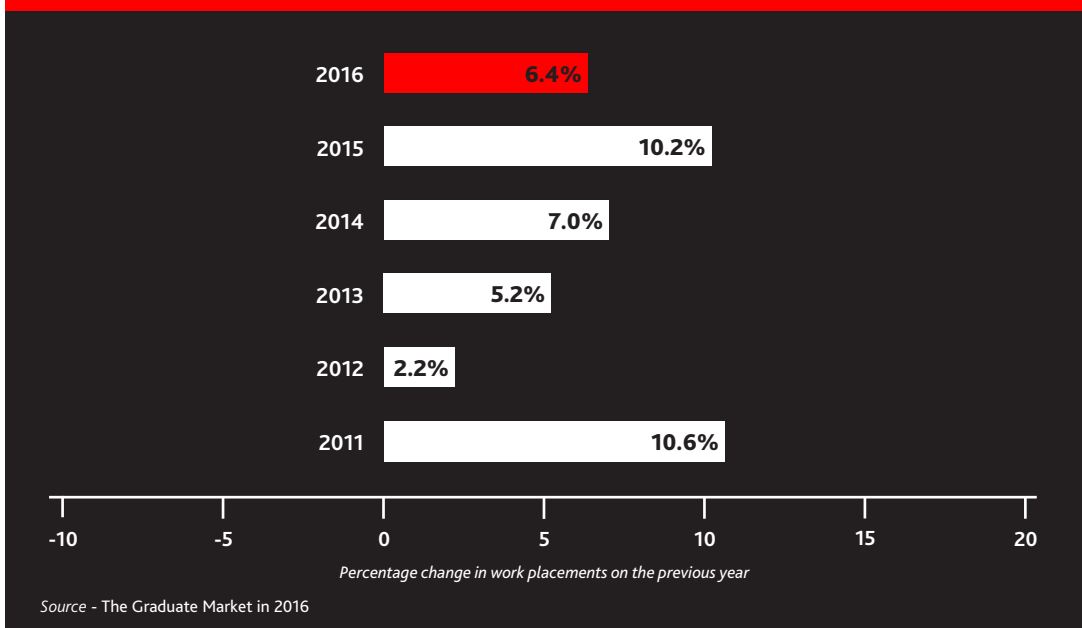
Recruiting Graduates through Work Experience Programmes

Over the last ten years there has been a substantial change in the purpose and aims of work experience programmes. A decade ago, the main reason that many major graduate employers offered university students work placements was simply to help individuals decide which career sector they were suited to and to enable undergraduates to experience the type of work that graduates did in a particular industry or business area. There were few direct links between these undergraduate work placements and the graduate recruitment process.

In today's competitive graduate recruitment market, work experience schemes have become an integral part of recruiting new graduates. Students applying for paid work placements during their first or second year at university are selected through a very similar recruitment process to that used to recruit graduates. This means that once a placement has been successfully completed, recruiters are able to offer work experience students a graduate position, often a full year before students are due to leave university and several months ahead of employers who only recruit graduates during their final year of study. Many employers also consider that recruiting candidates who have proven their abilities during a work placement to be a more reliable way of employing graduates.

The increased importance of work experience programmes has meant that the number of paid placements available at Britain's leading employers has improved very substantially over the last five years and is set to rise again in 2016 (see *Chart 4.1*).

Chart 4.1 How Work Placements for University Students Changed from 2011 to 2016



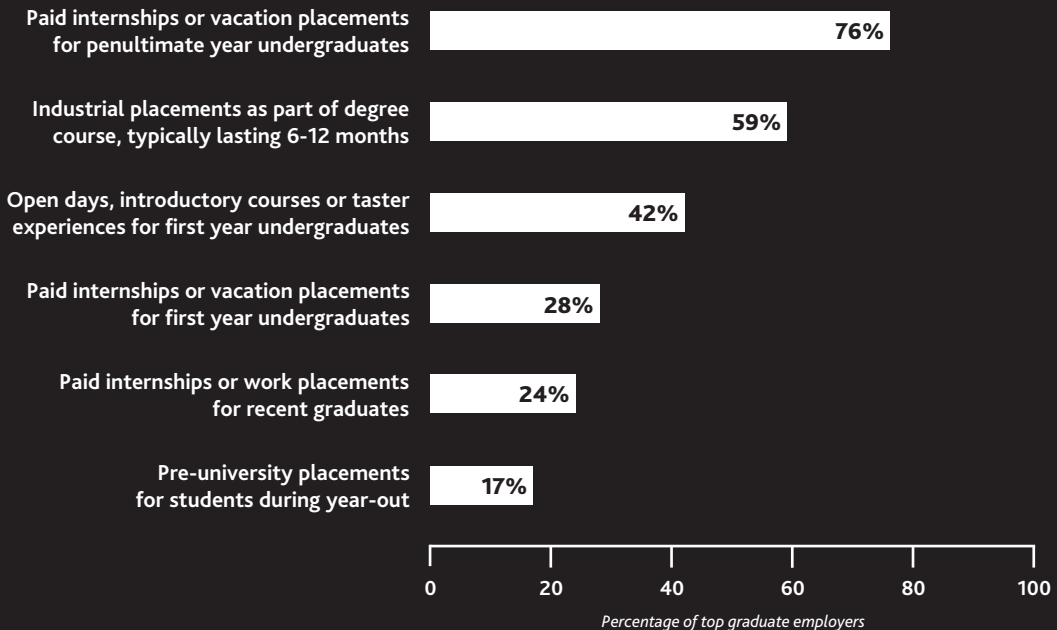
Availability of Work Experience in 2016

At least three-quarters of the country’s top graduate employers will be providing paid internships to penultimate year students during their 2016 summer vacations (see *Chart 4.2*) and over half are hosting industrial placements – structured work experience organised as part of university degree courses (often described as ‘sandwich’ courses) and typically lasting between six and twelve months, that gives students first-hand experience of technical, commercial or research roles. And it is striking that almost two-thirds of employers now offer work experience to first year undergraduates – either via paid internships and vacation placements, or through open days, short introductory courses or ‘taster’ experiences – a sharp increase on previous years.

In all, the graduate employers featured in the research are offering more than 14,000 paid internships and work experience placements this year (see *Table 4.4*). This is the highest level ever recorded and an increase of 6% on the work placements provided during 2015. The number of work experience places available to students and recent graduates has now risen six years running and has jumped by more than 50% since 2010, almost twice the rate that graduate vacancies have risen over the same period.

For 2016, top employers are offering a median of 90 paid internships or work placements (see *Chart 4.3*) but sixteen organisations are providing more than 250 placements each. The leading City investment banks have the most places available this year, with over 2,600 paid internships and work placements. It is noticeable that investment banking is one of just four sectors where the number of work experience places on offer from employers outstrips the number of permanent jobs available to graduates. Consulting firms and retailers have the lowest ratio of work placements to graduate jobs, making it harder for students interested in these areas to get relevant experience before they apply for graduate roles.

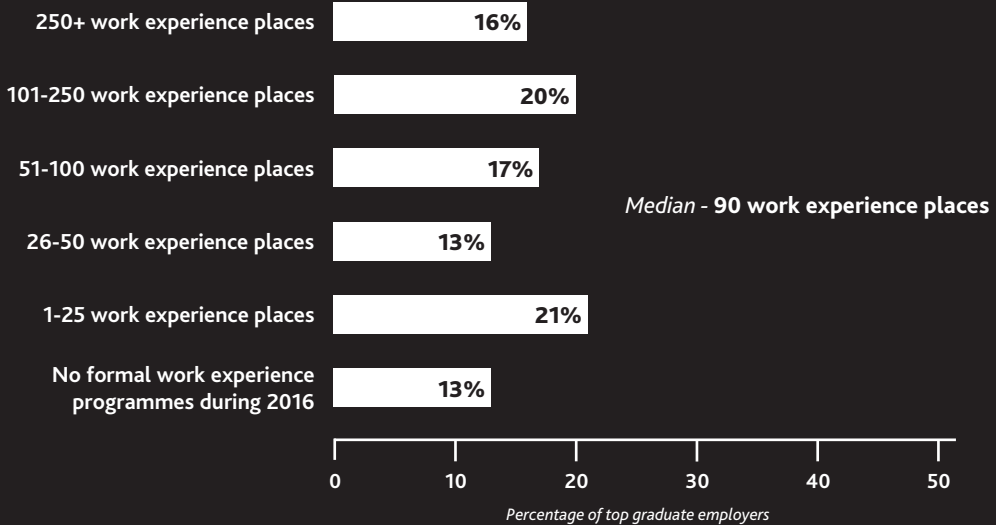
Chart 4.2 Type of Work Experience available at the UK’s Top Employers in 2016



Source - The Graduate Market in 2016

Graduate recruiters at the organisations featured in the research were asked about the value of work experience when it comes to assessing students' applications for graduate roles. Nearly half stated that it was either 'not very likely' or 'not at all likely' that a graduate who'd had no previous work experience at all with any employers would be successful during their selection process and be made a job offer, irrespective of their academic achievements or the university they had attended.

Chart 4.3 Paid Work Experience Places available at the UK's Top Employers in 2016



Source - The Graduate Market in 2016

Table 4.4 Analysis of Paid Work Experience in 2016, by Industry or Business Sector

Industry or Business Sector	Total work experience places available in 2015	Total work experience places available in 2016	% change in places between 2015 & 2016	Ratio of work experience places to graduate vacancies in 2016
Accounting & professional services	2,100	2,337	▲ 11.3%	47:100
Banking & finance	1,270	1,484	▲ 16.9%	98:100
Consulting	165	210	▲ 27.3%	20:100
Consumer goods	475	385	▼ 18.9%	124:100
Engineering & industrial	1,790	1,675	▼ 6.4%	67:100
Investment banking	2,610	2,615	▲ 0.2%	136:100
IT & telecommunications	570	520	▼ 8.8%	54:100
Law	990	1,030	▲ 4.0%	138:100
Oil & energy	326	322	▼ 1.2%	101:100
Public sector	2,079	2,339	▲ 12.5%	62:100
Retailing	302	339	▲ 12.3%	33:100
ALL SECTORS	13,207	14,058	▲ 6.4%	68:100

Source - The Graduate Market in 2016

Summary

- More than **90%** of the UK's leading graduate employers are offering **paid** work experience programmes for students and recent graduates during the 2015-2016 academic year – an unprecedented **14,058 places** are available.
- Three-quarters of employers provide **paid vacation internships** for **penultimate year students** and at least half offer **industrial placements** for undergraduates (typically lasting 6-12 months as part of a university degree course).
- Increasing numbers of employers now also have work experience places for **first year undergraduates** – over a quarter of organisations offer paid internships and two-fifths of employers run introductory courses, open days and other taster experiences for first year students.
- Almost **half the recruiters** who took part in the research repeated their warnings from previous years – that graduates who have had no previous work experience at all are **unlikely to be successful** during the selection process and have **little or no chance** of receiving a job offer for their organisations' graduate programmes.

Chapter 5

Graduate Recruitment in 2015-2016

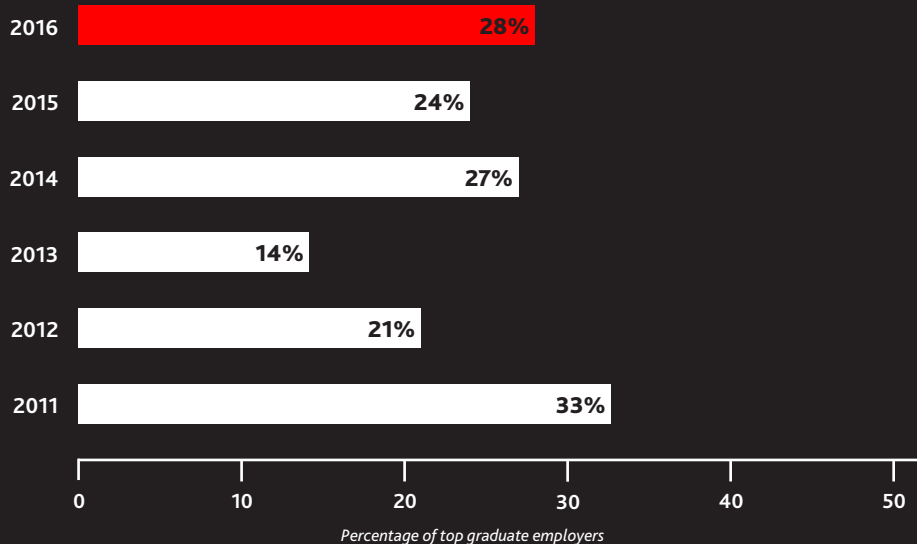
Promoting Graduate Programmes

The final part of the research examines how the UK's leading recruiters have approached the 2015-2016 graduate recruitment round – from the promotions they used to publicise their graduate opportunities, the universities they targeted during their campus recruitment campaigns, to the volume and quality of applications received so far for their 2016 graduate vacancies.

It is little surprise that the recession in 2008 and 2009 had a substantial impact on the resources subsequently available to graduate recruiters. *The Graduate Market in 2010* report showed that recruitment budgets at almost half of the UK's leading graduate employers had been cut compared with the previous recruitment season, and 18% of organisations described the decrease as 'considerable'. Just thirteen employers increased their annual graduate recruitment budget that year (see *Chart 5.1*).

The outlook seemed more encouraging during the 2010-2011 recruitment season and a third of top employers spent more on attracting and recruiting graduates. But during both the 2011-2012 and 2012-2013 recruitment rounds, employers whose budgets had increased were outnumbered by the organisations where spending on recruitment had been cut year-on-year. In 2013-2014, more than a quarter of the leading employers increased their graduate recruitment spending and smaller numbers of organisations decreased their budgets, a pattern that has been repeated for both the 2014-2015 and 2015-2016 graduate recruitment seasons.

Chart 5.1 Top Employers with increased annual Graduate Recruitment Budgets



Source - The Graduate Market in 2016

Graduate Recruitment Challenges in 2015-2016

As the number of graduate vacancies on offer from the UK’s leading employers continues to rise and recruitment is expected to reach record levels in 2016, it is understandable that spending on graduate recruitment has increased at a number of organisations in 2015-2016.

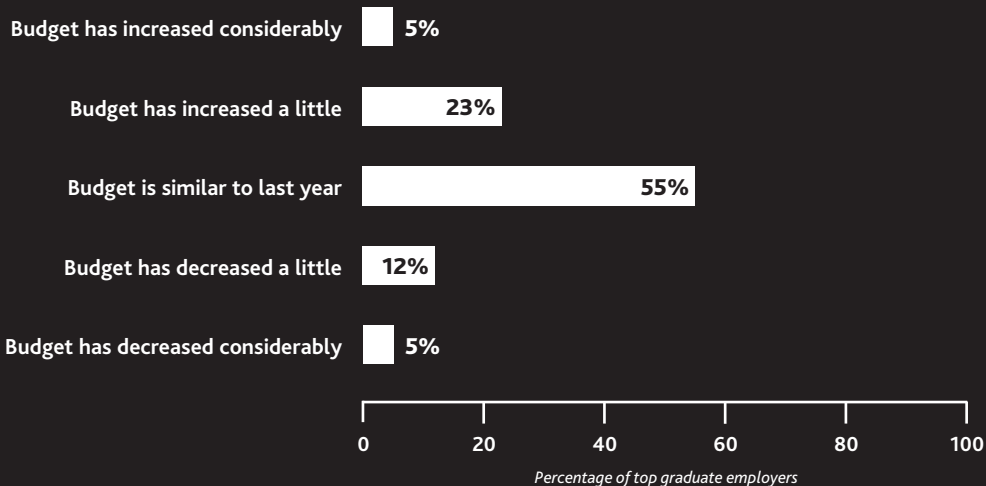
More than half of graduate recruiters have had a similar budget to last year but twenty-eight employers have allocated more resources and budget to attract and recruit university-leavers during this recruitment season (see *Chart 5.2*), with five employers – including a leading consumer goods company and two IT & technology employers – reporting that their spending had ‘increased considerably’. Graduate recruiters from seventeen organisations warned they have had less money to spend on recruitment this year – including three banking & finance firms, several engineering & industrial companies and two of the largest employers from the retail sector.

Graduate recruiters taking part in the research were asked about their main challenges and focuses during the current 2015-2016 recruitment round (see *Chart 5.3*). The results show that achieving diversity and social mobility targets are a much higher priority than they were a year ago, as more organisations seek to recruit graduates from a wider range of backgrounds and circumstances.

Three-fifths of recruiters confirmed they were focussed on improving students’ perceptions of their organisations, half were keen to step up their profile on campus and two-fifths hoped to improve the quality of graduates they recruited. There has been a sharp rise in the number of recruiters warning that they had insufficient resources in their graduate recruitment teams or that their recruitment marketing budgets were limited. Over a third of recruiters were worried about heightened competition from other graduate employers this year.

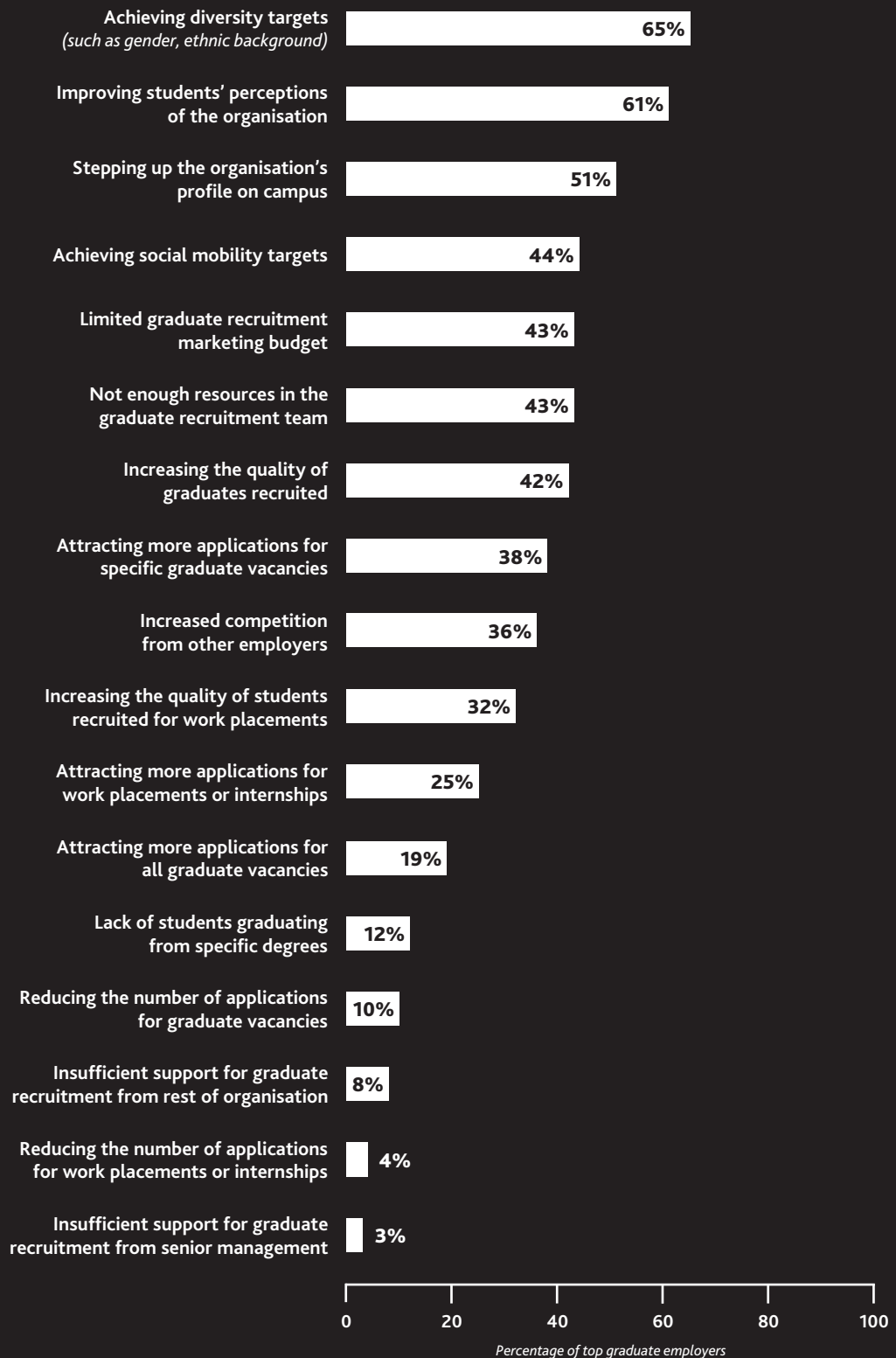
Very few employers wanted to increase the total number of graduate applications that they received but almost two-fifths of recruiters hoped to attract more applicants for specific job functions. There was also an increased emphasis on work experience at many organisations, with a third looking to improve the quality of students recruited for internships or placements.

Chart 5.2 Employers’ Graduate Recruitment Budgets for 2015-16



Source - The Graduate Market in 2016

Chart 5.3 Challenges for Graduate Recruiters at the UK's Top Employers in 2015-2016



Source - The Graduate Market in 2016

Graduate Recruitment Promotions in 2015-2016

The UK’s leading employers have used a very wide variety of promotions to publicise their graduate programmes during the 2015-2016 recruitment season (see *Table 5.5*).

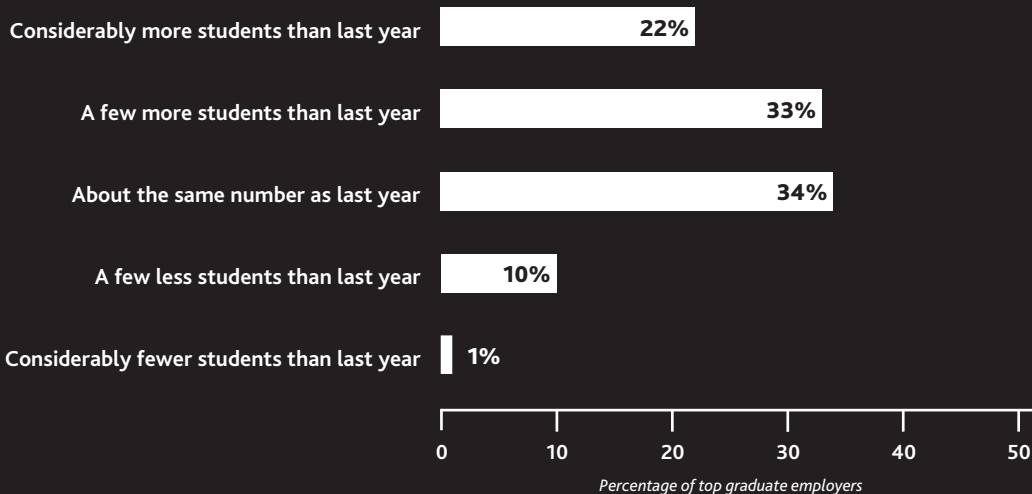
The majority of organisations have promoted their opportunities through advertising in graduate directories or via graduate recruitment websites (such as *Milkround* and *Prospects*). Three-fifths of graduate recruiters confirmed they had stepped-up use of social media this year and many employers continue to use commercial or university email services to contact individual students.

Almost all the leading graduate recruiters are working with local university careers services this year and there has been a marked increase in employers taking part in university recruitment events. Over ninety individual organisations hosted their own campus presentations across the UK, with many opting to host more events than last year, and similar numbers of employers have been using careers fairs and skills training events to publicise their graduate opportunities. Campus drop-in sessions have proved more popular too and half of recruiters have also used some form of business game to promote their organisation.

More than two thirds of employers now have their own network of campus brand managers – local students or postgraduates who are recruited to help publicise an employer’s university events, to remind fellow students about application deadlines, and assist recruiters with identifying potential local promotional opportunities. Over a quarter of employers confirmed they had made more use of campus brand managers this year. Half of recruiters staged special one-off campus promotions around the UK – such as a roadshow event, campus coffee distribution and photo booths – and two-fifths have held national or inter-university student competitions to engage with potential graduate recruits. By contrast, noticeably fewer recruiters chose to advertise in printed local careers guides or specific sector guides this year, and there has been a drop in the number of employers advertising in student newspapers.

Many employers have reported a significant increase in the attendance by students at their campus events so far during the 2015-2016 recruitment season (see *Chart 5.4*) – more than

Chart 5.4 Number of Students taking part in Employers’ Campus Events in 2015-2016



Source - The Graduate Market in 2016

half of organisations said that either a ‘few more’ or ‘considerably more’ students had taken part in their local presentations, skills training sessions or had met them at university careers fairs. A third of organisations thought the turnout from students had been similar to the previous recruitment season but eleven organisations were frustrated that fewer job hunters attended their events this year.

It is clear that employers are now almost as likely to be targeting first or penultimate year undergraduates as final year students when promoting their graduate vacancies. More than four-fifths of organisations have held events during the 2015-2016 recruitment round specifically for first year students, such as taster sessions, open days or introductory courses (see *Table 5.5*). Over a quarter of employers said they had done more with first year students than ever before or had worked harder to promote internships and work experience programmes to penultimate year students. Two-thirds of employers began their graduate promotions even earlier, targeting pupils at schools and sixth form colleges.

Table 5.5 Analysis of Employers’ Graduate Recruitment Promotions in 2015-2016

<i>Graduate Recruitment Promotion</i>	<i>% of employers who used promotion during 2015-2016</i>	<i>Done more than last year %</i>	<i>About the same as last year %</i>	<i>Done less than last year %</i>
Advertising in graduate directories	95	12	73	10
Promotions on graduate recruitment websites	95	17	65	13
Promotions on social media	95	60	34	1
University careers services	94	27	62	5
Campus presentations	92	32	46	14
Email services	92	22	56	14
Careers fairs	91	24	44	23
Skills training sessions	83	32	42	9
Advertising in career sector guides	71	6	57	8
Local drop-in sessions	69	27	37	5
Campus brand managers	68	29	33	6
Academic lectures	60	9	46	5
Sponsorship of student societies and clubs	56	16	35	5
Advertising in local careers guides	55	4	39	12
Business games	51	14	33	4
Special one-off campus promotions	49	19	25	5
National or inter-university competitions	45	11	30	4
Advertising in student newspapers	40	7	28	5
<i>Year Groups Targeted</i>				
Promotions to schools or sixth-form colleges	67	30	34	3
Promotions to first years	87	29	57	1
Promotions to penultimate years	90	26	63	1
Promotions to final years	93	20	66	7

Source - The Graduate Market in 2016

Universities Targeted by Employers in 2015-2016

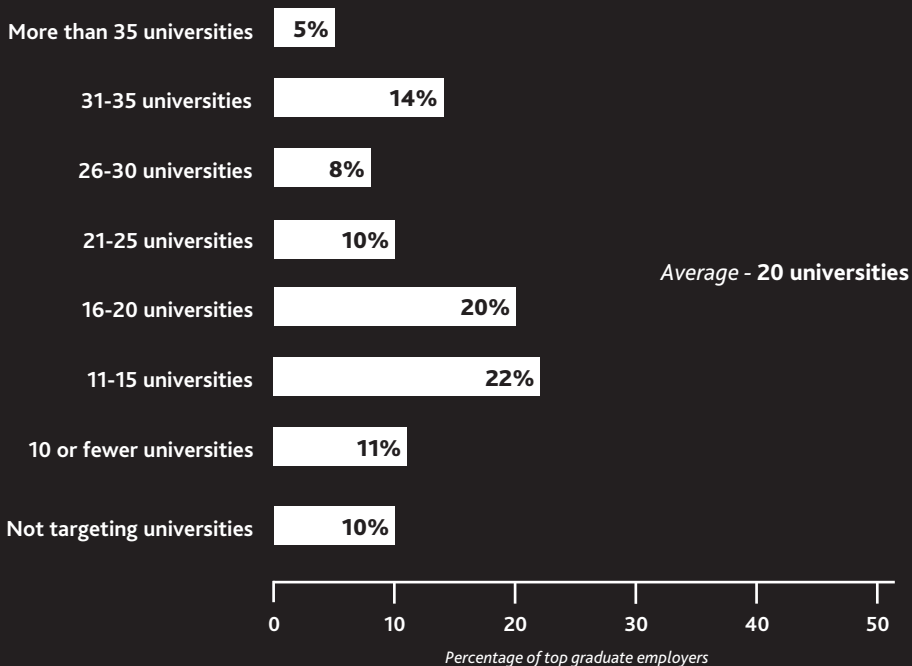
As there are now more than 140 universities offering undergraduate degree courses in the UK, employers have the widest-ever choice of higher education institutions from which to recruit graduates. Few organisations, if any, have the resources to target all of these universities to promote their graduate opportunities, so most employers focus their recruitment publicity at a more limited number of institutions.

During the 2015-2016 recruitment season, the majority of top graduate employers have targeted between 10 and 25 universities each (see *Chart 5.6*), although nineteen employers are currently visiting more than thirty campuses annually for their graduate promotions. Accounting & professional services firms, public sector employers and law firms have actively publicised their graduate vacancies at the largest number of universities, whereas consulting firms took part in local promotions at the fewest universities (see *Chart 5.7*).

The six universities currently targeted by the largest number of leading graduate employers are Manchester, Nottingham, Warwick, Bristol, Cambridge and Oxford (see *Table 5.8*). These institutions have attracted the largest number of top graduate recruiters for campus fairs, recruitment presentations or other local university promotions during 2015-2016.

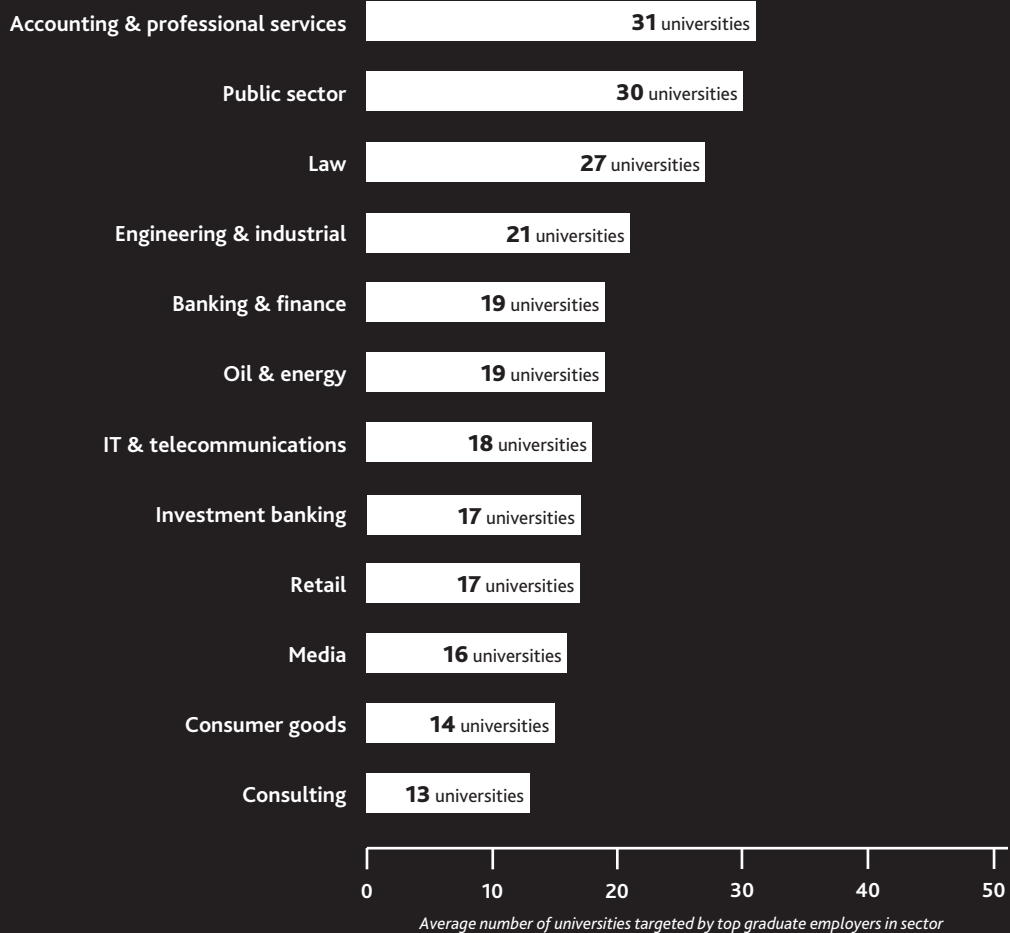
It is intriguing to compare this list with *The Times & Sunday Times Good University Guide 2016*, the latest league table of institutions compiled from a range of university data including entry standards, teaching performance, academic research, student funding and graduates' career prospects. Within these rankings, Cambridge and Oxford are in 1st and 2nd place but Manchester and Nottingham, the two universities most-targeted by the leading employers, fail to even make the top twenty. And conversely, St Andrews and Surrey which are 4th and 8th respectively in the guide, do not appear in the employers' top twenty-five universities.

Chart 5.6 Number of Universities Targeted by Top Employers in 2015-2016



Source - The Graduate Market in 2016

Chart 5.7 Universities Targeted by Top Employers in 2015-2016, by Sector or Industry



Source - The Graduate Market in 2016

Table 5.8 Universities Targeted by the Largest Number of Top Employers in 2015-2016

	Ranking in 'Good University Guide' *		Ranking in 'Good University Guide' *
1. Manchester	28	14. London School of Economics	9
2. Nottingham	25	15. Loughborough	13
3. Warwick	6	16. Sheffield	21
4. Bristol	20	17. Southampton	16
5. Cambridge	1	18. Exeter	7
6. Oxford	2	19. Newcastle	23
7. London University College	10	20. London King's College	27
8. Durham	5	21. York	15
9. Bath	12	22. Cardiff	33
10. Leeds	14	23. Liverpool	38
11. Birmingham	17	24. Lancaster	11
12. London Imperial College	3	25. Glasgow	26
13. Edinburgh	22		

Source - The Graduate Market in 2016

* The Times & Sunday Times Good University Guide 2016

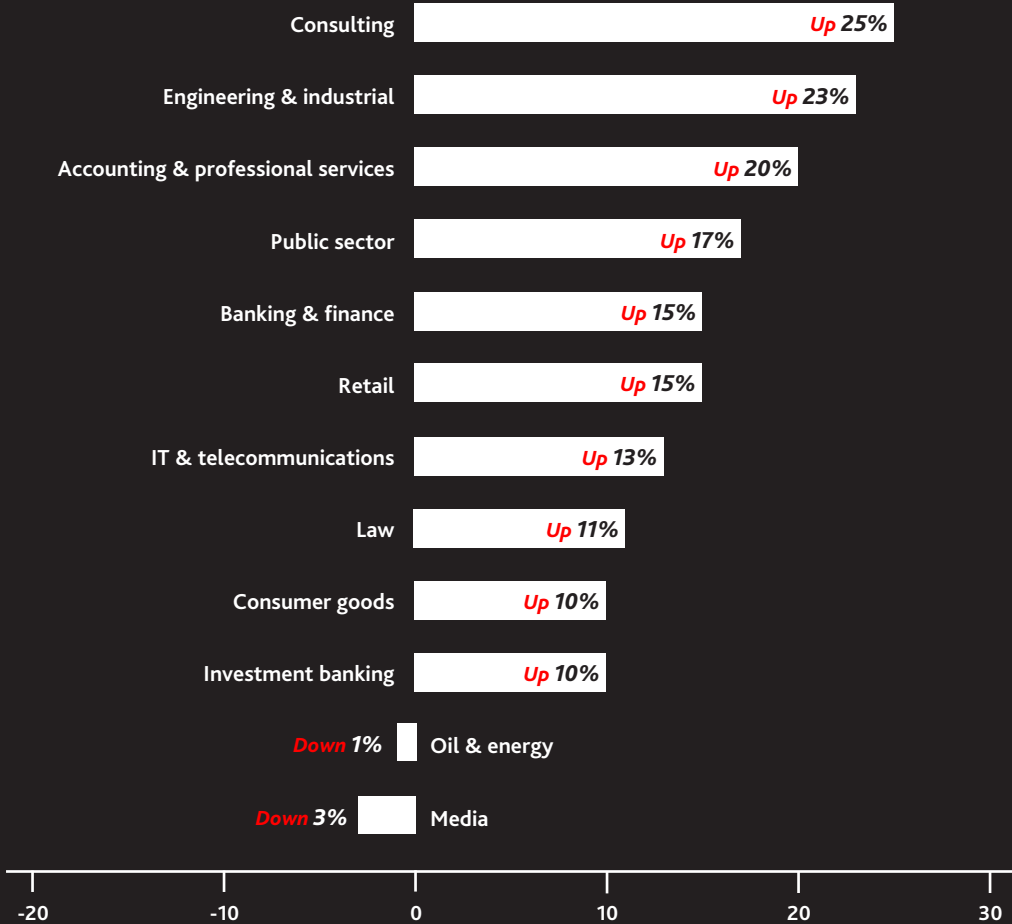
Graduate Applications Received in 2015-2016

More than half of the UK’s top employers have seen an increase in the number of graduate applications they received in the early part of the 2015-2016 recruitment round, compared with the same period last year (see *Chart 5.10*).

Twenty-two organisations from several different industries and business sectors said that their graduate application levels had risen by more than 25%, a very significant year-on-year increase, whilst a further twenty employers reported more modest increases. By contrast, five employers have seen their graduate applications fall by more than 10% this year. These results equate to an average rise in graduate applications of 13%, compared with last year’s recruitment round. Applications rose by 6% in the early stages of the 2014-2015 recruitment season, by 9% in 2013-2014, 7% in 2012-2013 and by a record 19% in 2011-2012.

Employers reporting the biggest increases in graduate applications in 2015-2016 are at the consulting firms, engineering & industrial companies and the well-known accounting & professional firms, where graduate applications have increased by at least 20% compared with a year ago (see *Chart 5.9*).

Chart 5.9 Number of Applications to Employers in 2015-2016, by Sector or Industry



Average percentage change in graduate applications in 2015-2016, compared with 2014-2015

Source - The Graduate Market in 2016

Half of employers felt that the quality of the graduate applications they had received was similar to the previous recruitment season, but a third commented that the quality of applications had increased ‘a little’ and eight organisations were pleased that the standard of their applicants had increased ‘considerably’ (see *Chart 5.11*).

Just eight employers – including one of the leading consulting firms, a well-known charity and a major oil & energy company – were disappointed that the quality of graduate applications that they had received so far this year was lower.

Chart 5.10 Number of Graduate Applications Received by Employers in 2015-2016

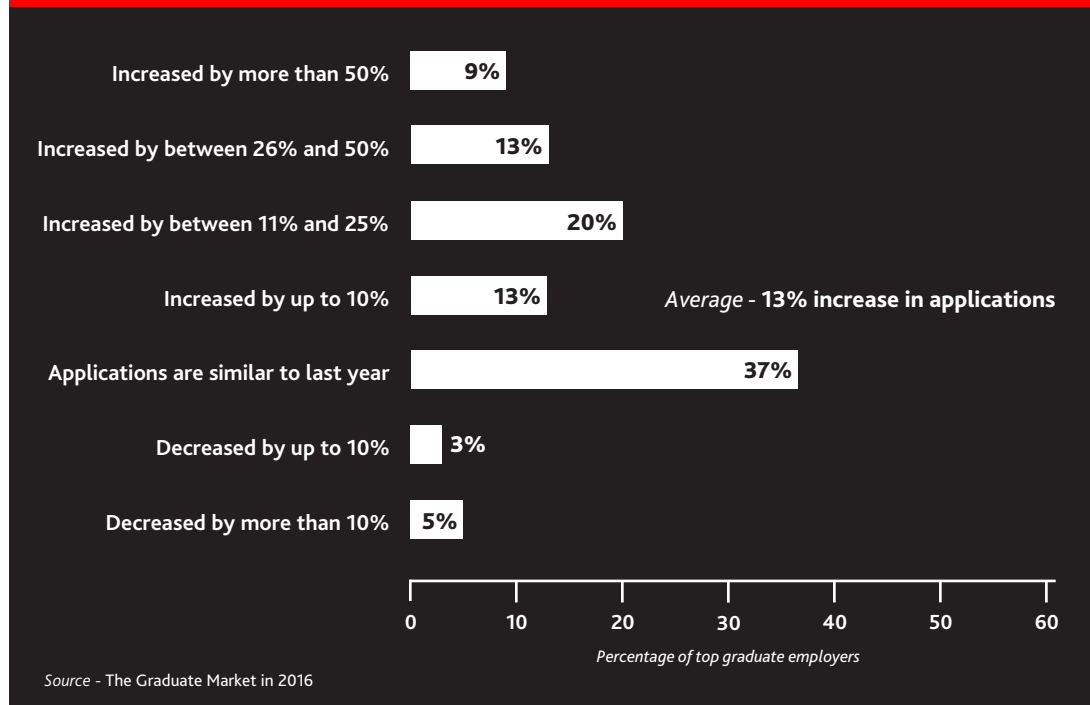
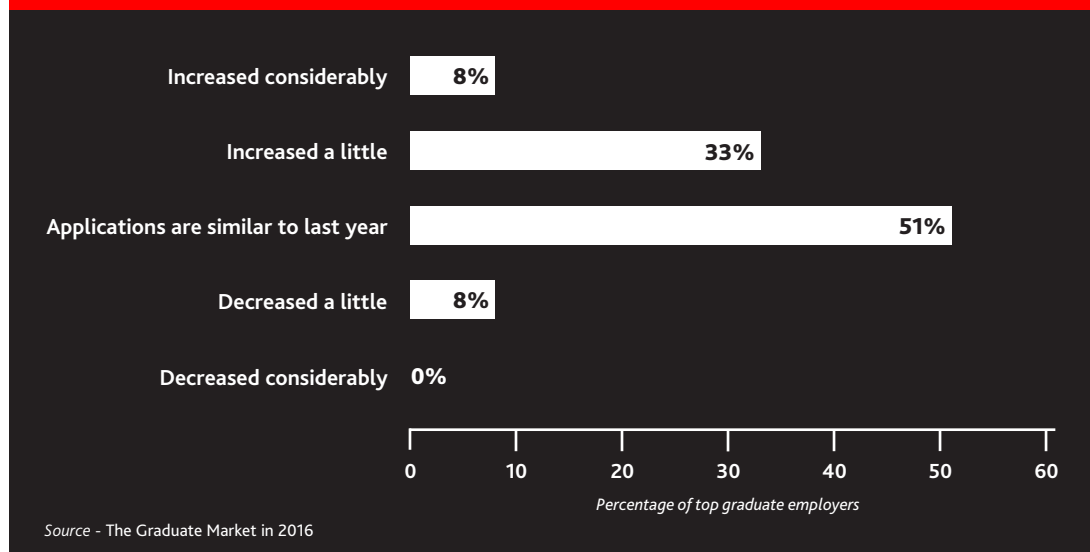


Chart 5.11 Quality of Graduate Applications Received by Employers in 2015-2016



Summary

- More than a quarter of the country's leading employers have **increased** their graduate recruitment budgets for the 2015-2016 recruitment round.
- Employers have been actively marketing their 2016 graduate vacancies at an average of **20** UK universities, using a variety of campus **recruitment presentations**, local **careers fairs**, **skills training** events, promotions through **university careers services**, **online advertising** and **social media**.
- Graduate recruiters made more use of **social media**, university **recruitment presentations**, **skills training events**, **drop-in sessions** and **campus brand managers** during this year's recruitment campaigns – and did less **advertising** in local career guides and sector guides.
- The ten universities most-often targeted by Britain's top graduate employers in 2015-2016 are Manchester, Nottingham, Warwick, Bristol, Cambridge, Oxford, University College London, Durham, Bath and Leeds.
- Over half the UK's leading employers said they had received **more completed graduate job applications** during the early part of the recruitment season than they had last year and two-fifths believed the quality of applications had improved too.
- Together, the country's top employers have received **13% more graduate job applications** so far, compared with the equivalent period in the 2014-2015 recruitment round.