

End-of-Year Review

The Graduate Market in 2016

Introduction

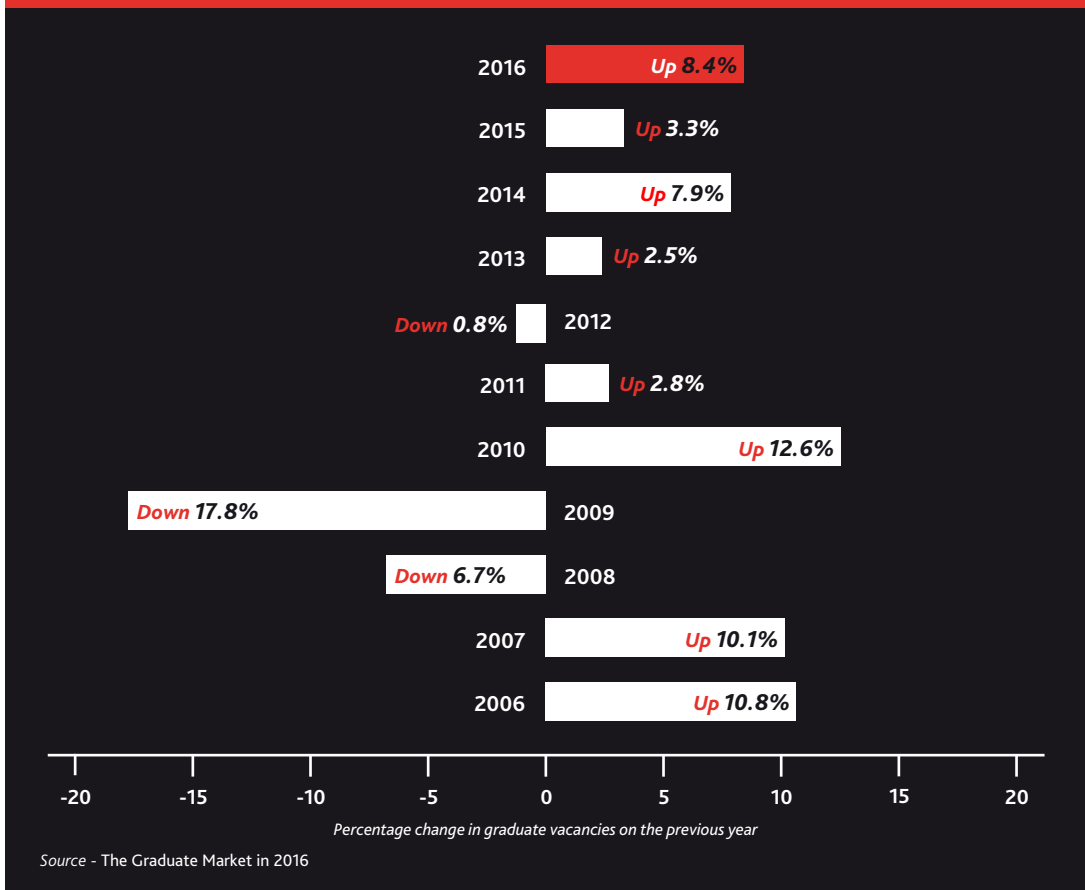
The **Graduate Market in 2016** report, published in January, showed that Britain's best-known and most successful employers were planning to step up their graduate recruitment for the fourth year running in 2016.

To prepare for this end-of-year update, **High Fliers Research** returned in **June 2016** to the organisations that took part in the original research – *The Times Top 100 Graduate Employers* – to confirm their final graduate recruitment targets for 2016 and review the 2015-2016 recruiting season.

The Times Top 100 Graduate Employers is the league table of Britain's most sought-after employers, researched from a poll of over 18,000 final year students to find 'Which employer offers the best opportunities for graduates?'. The research is a key part of *The UK Graduate Careers Survey* that High Fliers Research conducts annually at thirty leading universities.



Chart 1 How Employers' Vacancies for Graduates Changed from 2006 to 2016



Graduate Vacancies in 2016

The Graduate Market in 2016 report, published at the start of this year, revealed that despite having significantly higher recruitment targets, Britain's leading employers recruited fewer graduates than expected in 2015. More than 1,000 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.

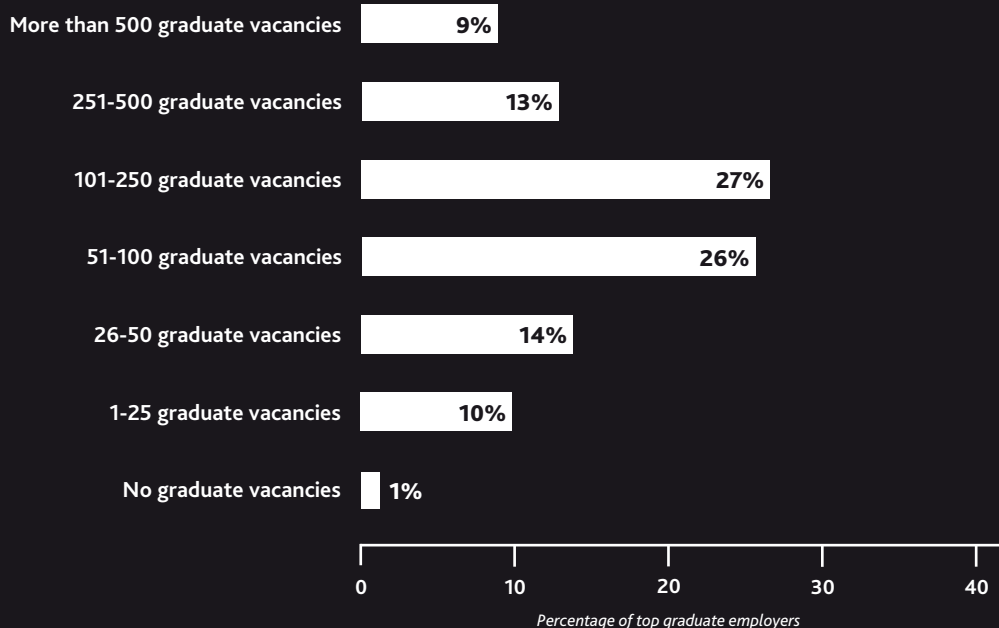
The outlook for 2016, however, remained very positive and the country's top graduate employers were preparing to increase the number of opportunities for university-leavers by 7.5 per cent this year.

The latest assessment of graduate vacancies shows that employers' recruitment targets for 2016 have increased further and are now 8.4 per cent higher than the number of graduates recruited in 2015 (see *Chart 1* on previous page).

Half of employers featured in the research expect to hire one hundred graduates or fewer to begin work at their organisations later this year (see *Chart 2*), a further quarter have vacancies for up to 250 new recruits, and a total of twenty-two employers have recruited more than 250 graduates to begin work in 2016. The median number of entry-level graduate roles on offer at organisations featured in *The Times Top 100 Graduate Employers* is 100 graduate vacancies per employer.

The UK's largest accounting & professional services firms are set to employ the most new graduates in 2016 – the six firms included within the research are recruiting their highest-ever intake of 5,124 trainees this year (see *Chart 3*). Public sector employers – including Teach First, the Civil Service Fast Stream, the NHS and the European Commission – are expecting to hire more than 3,800 new graduates in 2016, whilst the UK's top engineering &

Chart 2 Graduate Vacancies at leading UK Employers in 2016



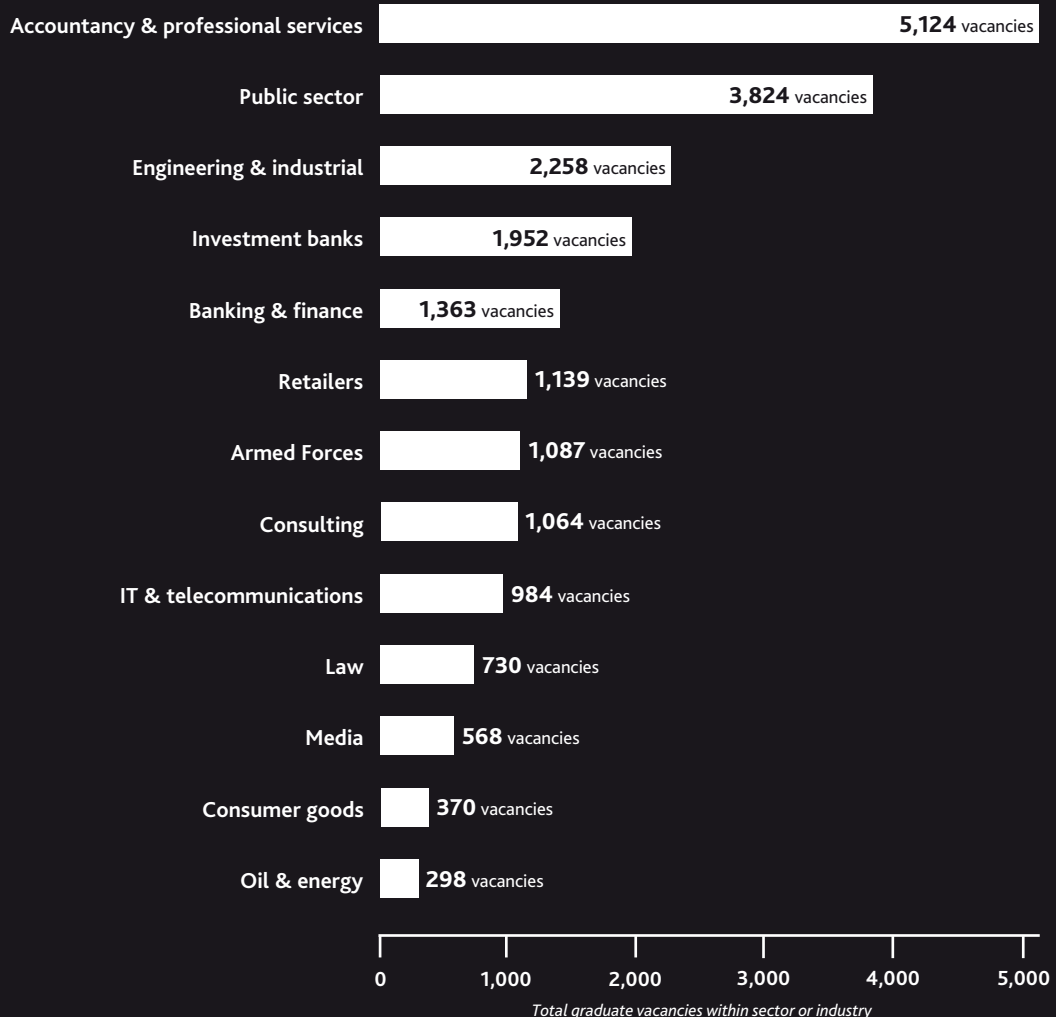
Source - *The Graduate Market in 2016*

industrial employers have overtaken the City investment banks as the third largest recruiter of graduates, with more than 2,200 vacancies this year.

Many of the employers questioned for the research had already completed their 2016 recruitment or had closed off applications for this year, but several of the largest round-the-year recruiters still had vacancies to fill for September start dates and a number of others commented that they had yet to complete their recruitment because more graduates than usual had turned down job offers or changed their mind at the last minute.

These results confirm that the graduate job market has improved for the fourth consecutive year and that graduate recruitment at the leading employers is now at its highest level ever. Provided employers are able to fill all their vacancies, the annual increase in graduate recruitment in 2016 will be the highest for six years. Vacancies increased by over 15 per cent during 2010 and 2011, but dipped by 0.8 per cent in 2012. Over the last four years, the number of graduate vacancies has jumped by almost a quarter.

Chart 3 Graduate Vacancies at leading UK Employers in 2016, by Sector or Industry



Source - The Graduate Market in 2016

Changes to Graduate Vacancies since 2015

In ten of thirteen key employment areas, the number of vacancies for graduates has increased in 2016 (see *Chart 4*). The most significant growth is at public sector employers, the Armed Forces, accounting & professional services firms, banking & finance companies and retailers, which together have more than 1,300 extra entry-level positions this year (see *Chart 6*).

There have also been increases in graduate vacancies at the top media groups, engineering & industrial companies, consulting firms, investment banks and consumer good manufacturers. By contrast, there has been a small reduction in the number of graduate roles on offer at the leading law firms, oil & energy companies, and IT & telecommunications firms.

In all, half of graduate employers have expanded their recruitment this year and a fifth of recruiters have recruited a similar number to their graduate intake in 2015 (see *Chart 5*). More than a quarter of employers, however, have reduced their graduate recruitment this year, although most by fewer than fifty vacancies per organisation.

Chart 4 How Graduate Vacancies have Changed since 2015, by Sector or Industry

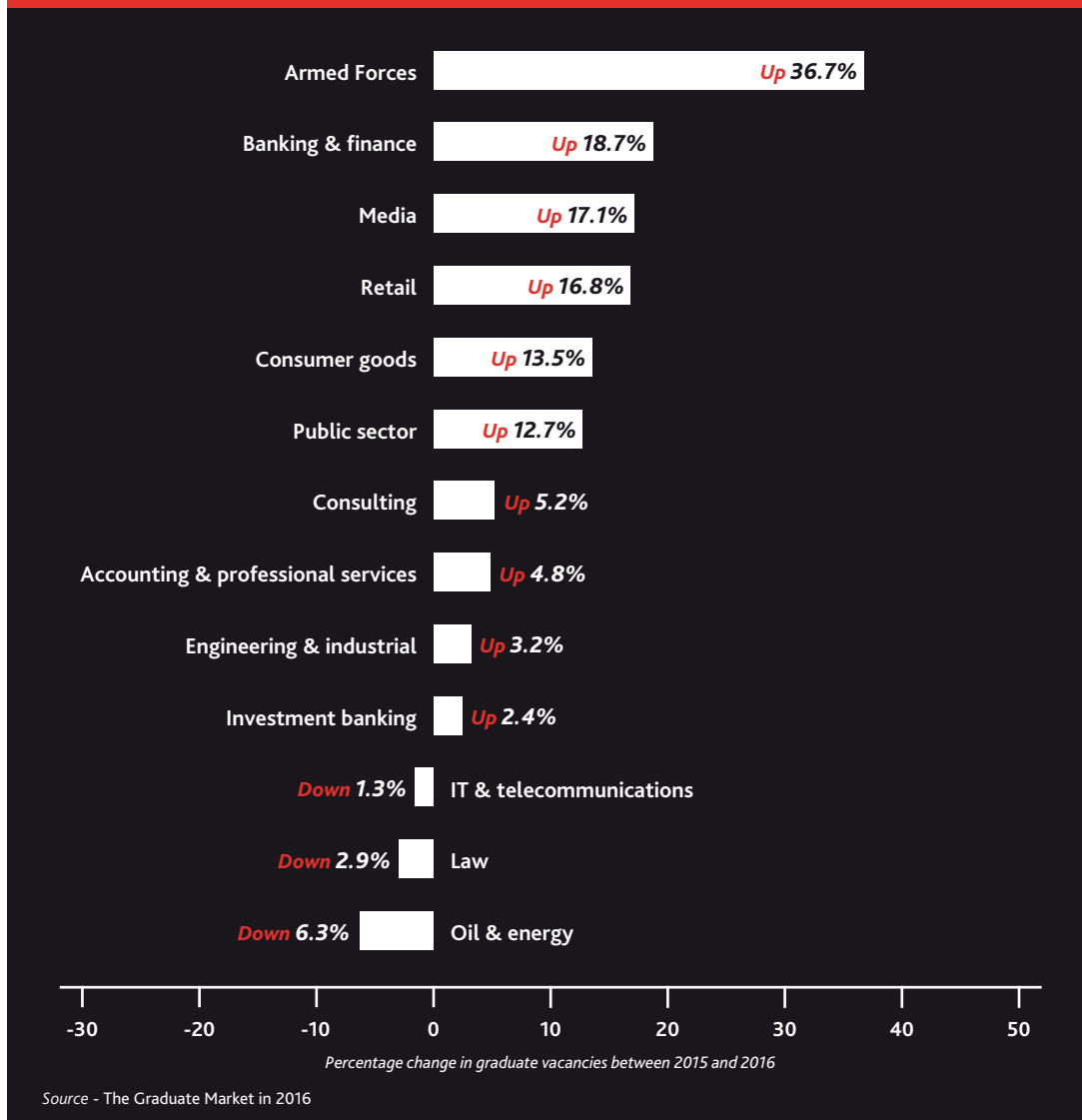
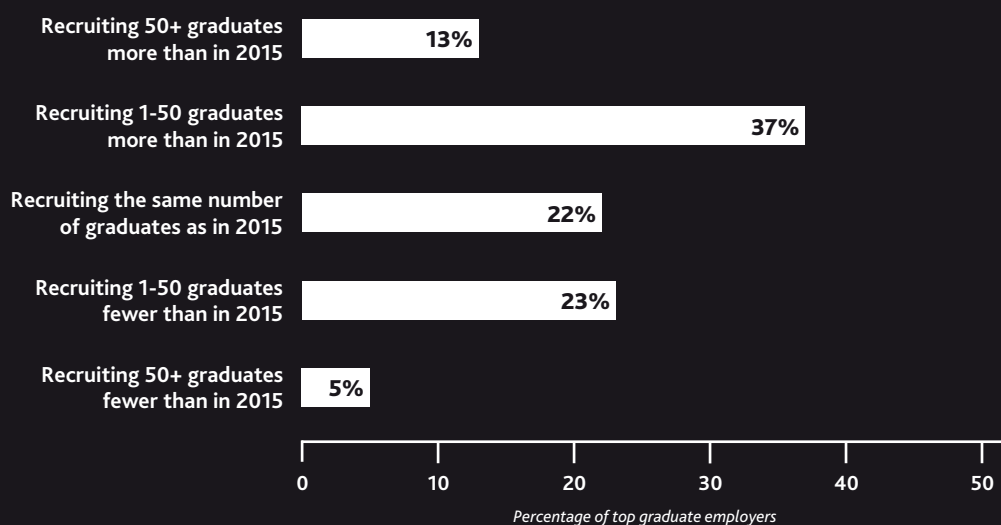


Chart 5 How Employers' Graduate Vacancies have Changed in 2016

Source - The Graduate Market in 2016

Table 6 Analysis of Graduate Vacancies in 2016, by Industry or Business Sector

Industry or Business Sector	Actual graduates recruited for 2015, as confirmed in December 2015	Graduate vacancy targets for 2016, as updated in January 2016	Revised graduate vacancies for 2016, as updated in June 2016	% difference between graduates recruited in 2015 & vacancies in 2016	Number of vacancies added (cut) since 2015
Accounting & professional services	4,890	4,941	5124	4.8	234
Armed Forces	795	1,083	1,087	36.7	292
Banking & finance	1,148	1,509	1,363	18.7	215
Consulting	1,011	1,063	1,064	5.2	53
Consumer goods	326	310	370	13.5	44
Engineering & industrial	2,189	2,492	2,258	3.2	69
Investment banking	1,906	1,920	1,952	2.4	46
IT & telecommunications	997	955	984	-1.3	(13)
Law	752	745	730	-2.9	(22)
Media	485	485	568	17.1	83
Oil & energy	318	319	298	-6.3	(20)
Public sector	3,394	3,785	3,824	12.7	430
Retailing	975	1,016	1,139	16.8	164
ALL SECTORS	19,344	20,798	20,976	8.4	1,632

Source - The Graduate Market in 2016

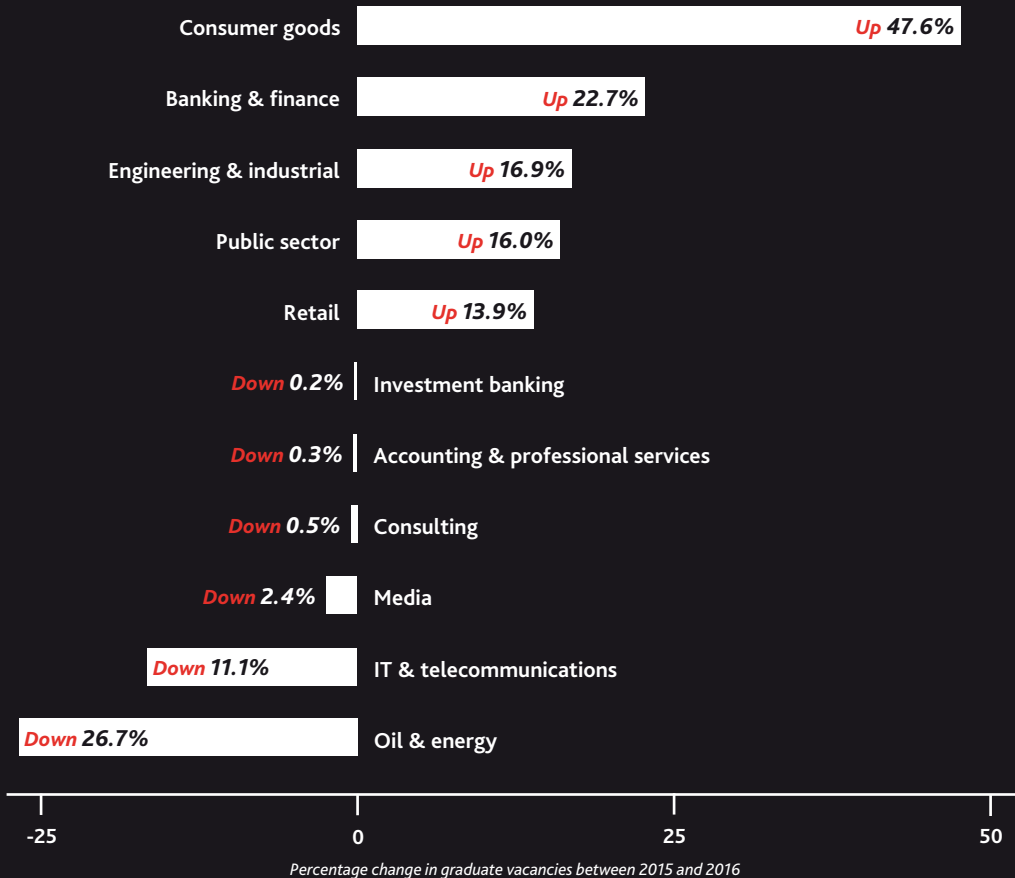
Applications for Graduate Jobs in 2016

Approximately three-quarters of the organisations featured in *The Times Top 100 Graduate Employers* provided details of the graduate applications they received and processed during the 2015-2016 recruitment season, compared with the number of applicants for graduate roles they had received during last year's 2014-2015 recruitment round.

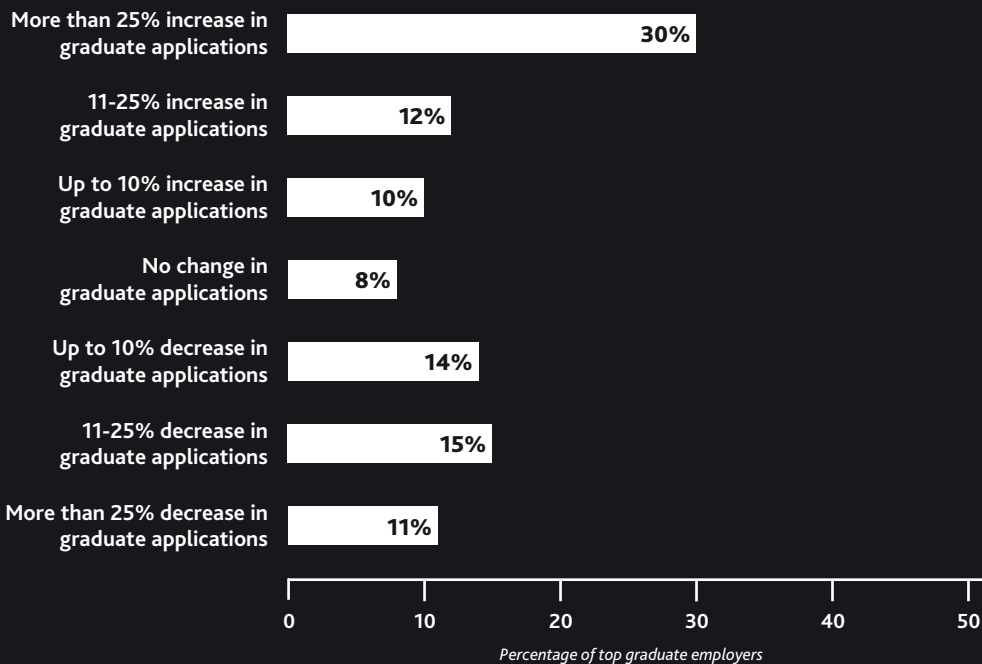
This data shows that although more than half of the UK's leading employers have seen their application levels increase this year (see *Chart 8*), two fifths received fewer applications during the recruitment season. Applications rose in five key employment sectors, most noticeably at consumer goods manufacturers and banking & finance firms (see *Chart 7*). This year's total application numbers are 8.8 per cent higher, following a drop of 2.5 per cent in 2015 and an increase of 3 per cent in 2014. Applications fell by 8 per cent in 2013, after annual rises of 11 per cent in 2012, 5 per cent in 2011 and 7 per cent in 2010 and 2009.

A number of recruiters explained that they had closed off their applications earlier than usual because they had already filled their available vacancies, or attributed their lower application levels to more graduate recruitment through work experience programmes, changes in their marketing, or because they had introduced a more demanding application process this year. On average, employers received 35 applications for each graduate job in 2016 (see *Table 9*).

Chart 7 How Applications for Graduate Jobs Changed in 2016, by Sector or Industry



Source - The Graduate Market in 2016

Chart 8 How Applications for Graduate Jobs Changed in 2016

Source - The Graduate Market in 2016

Table 9 Analysis of Graduate Applications in 2016, by Industry or Business Sector

Industry or Business Sector	Average number of applications per employer in 2014-2015	Average number of applications per employer in 2015-2016	Average number of applications per graduate vacancy in 2014-2015	Average number of applications per graduate vacancy in 2015-2016
Accounting & professional services	15,900	15,900	19.5	18.6
Banking & finance	13,800	17,000	56.9	61.3
Consulting	4,600	4,600	19.9	18.6
Consumer goods	5,300	7,800	123.3	202.6
Engineering & industrial	7,800	9,100	37.5	42.9
Investment banking	8,800	8,800	39.2	38.2
IT & telecommunications	4,000	3,500	17.2	18.0
Media	20,500	20,000	132.3	103.1
Oil & energy	5,400	4,000	79.0	67.8
Public sector	11,200	13,000	25.4	26.3
Retailing	4,100	4,700	63.2	74.6
ALL SECTORS	7,800	8,500	33.6	34.7

Source - The Graduate Market in 2016

Employers' Application & Selection Processes

The research also examined the application and selection processes used by organisations featured in *The Times Top 100 Graduate Employers* during the 2015-2016 graduate recruitment season.

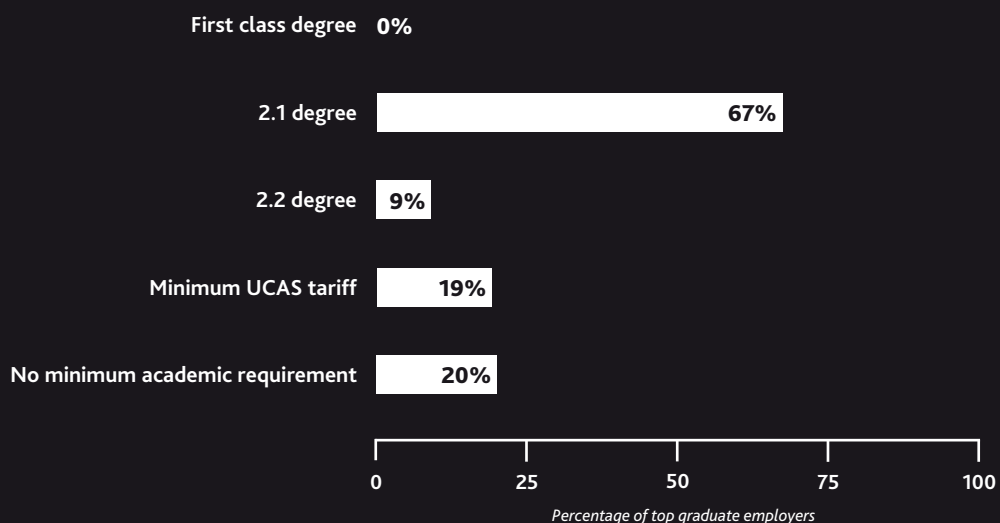
Four-fifths of the UK's leading employers currently require their graduate applicants to meet minimum academic standards (see *Chart 10*). Two-thirds of organisations insist their graduates should have a 2.1 degree, one in ten employers require at least a 2.2 degree, and a fifth specify a minimum UCAS tariff for candidates, mostly in the range of 280 to 320 (equivalent to 'BBC' to 'ABB' at A-level).

Virtually every major employer uses an online application form at the start of their graduate selection process but a third of recruiters also accept emailed CVs with a covering letter (see *Chart 11*). Four-fifths of employers rely on some form of aptitude test (such as verbal or abstract reasoning or numeracy) and a quarter test candidates using personality or psychometric questionnaires.

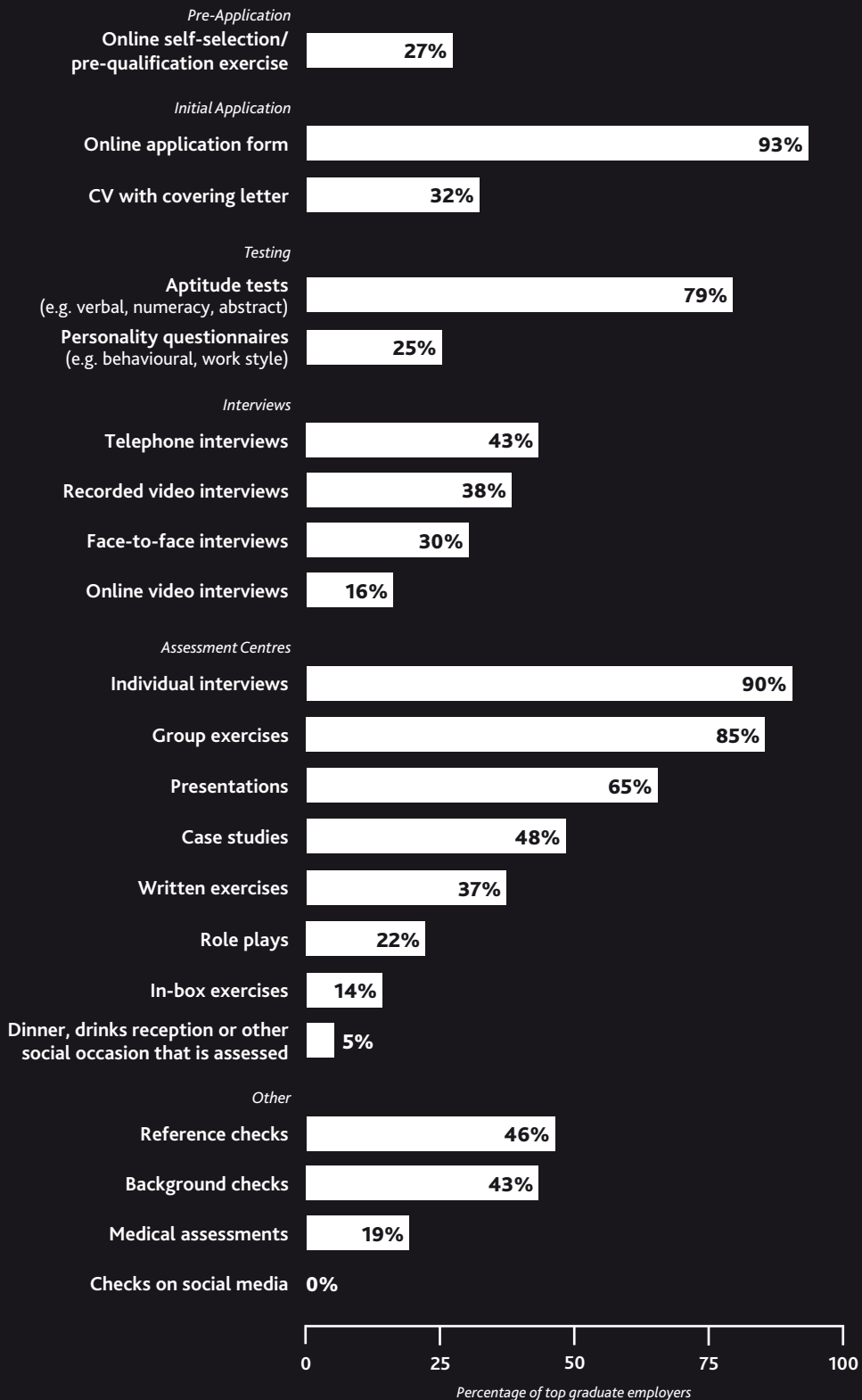
Over two-fifths of employers conducted initial interviews with candidates by telephone during the 2015-2016 recruitment round, more than a third used recorded online video interviews and a sixth used live online video interviews (such as Skype). Fewer than a third of employers opted to interview graduate applicants face-to-face.

Within final-round selection centres, more than four-fifths of employers evaluated applicants through group exercises, two-thirds asked candidates to prepare presentations and up to half used case studies, written exercises, role plays or in-box exercises. Most employers did further individual interviews but just 5 per cent of graduate recruiters used a dinner, drinks reception or other social occasion to assess candidates. Only half of graduate employers said they pursued reference checks whereas two-fifths did other forms of background checks on their graduate recruits. One in five employers insisted on a medical assessments but none of the organisations featured in the research said they checked candidates on social media.

Chart 10 Minimum Academic Requirements at the UK's Top Employers in 2016



Source - The Graduate Market in 2016

Chart 11 Assessment & Selection Used by the UK's Top Employers in 2015-2016

Source - The Graduate Market in 2016

Starting Salaries for Graduates

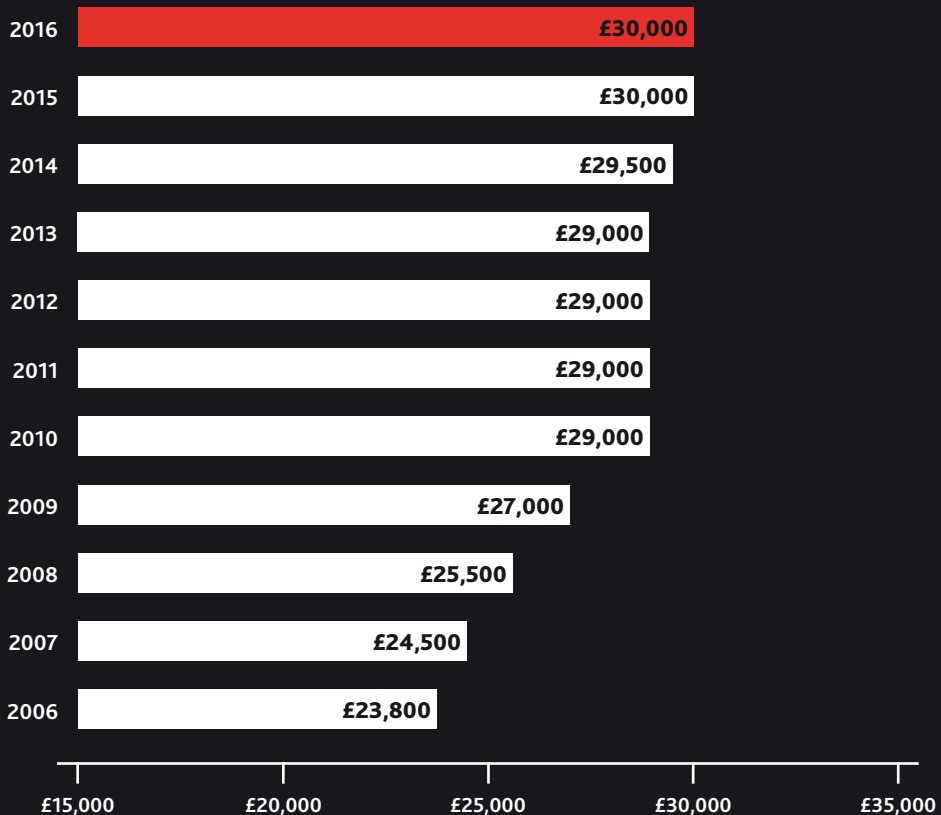
The Graduate Market in 2016 also analyses the starting salaries that Britain's top employers are intending to pay new graduates who begin work with their organisations in 2016.

The research shows that for the second consecutive year, the median starting salary for graduates at the leading employers is set to be £30,000 (see *Chart 12*). A total of forty-one individual employers have improved their graduate starting salaries for this year's new recruits, most by between £500 and £2,000. The median starting salary had remained unchanged at £29,000 for four years running until 2013, before increasing in 2014 and 2015.

Salaries quoted for this year are the average national salaries that have been promoted by employers during the 2015-2016 recruitment round. The figures do not include additional benefits such as relocation allowances, starting work bonuses, regional weighting, subsidised company facilities or bonus schemes.

For three years between 2005 and 2007, graduate starting salaries rose by between 2.3 and 3.0 per cent annually – marginally higher than a cost-of-living rise each year – and by 4.1 per cent in 2008. Despite the substantial cuts in graduate recruitment during 2009, starting salaries actually increased by a higher rate, 5.9 per cent year-on-year. There was a further sharp rise in graduate pay in 2010, largely because of significant increases in the salaries paid by the leading investment banks.

Chart 12 How Employers' Graduate Starting Salaries Changed from 2006 to 2016



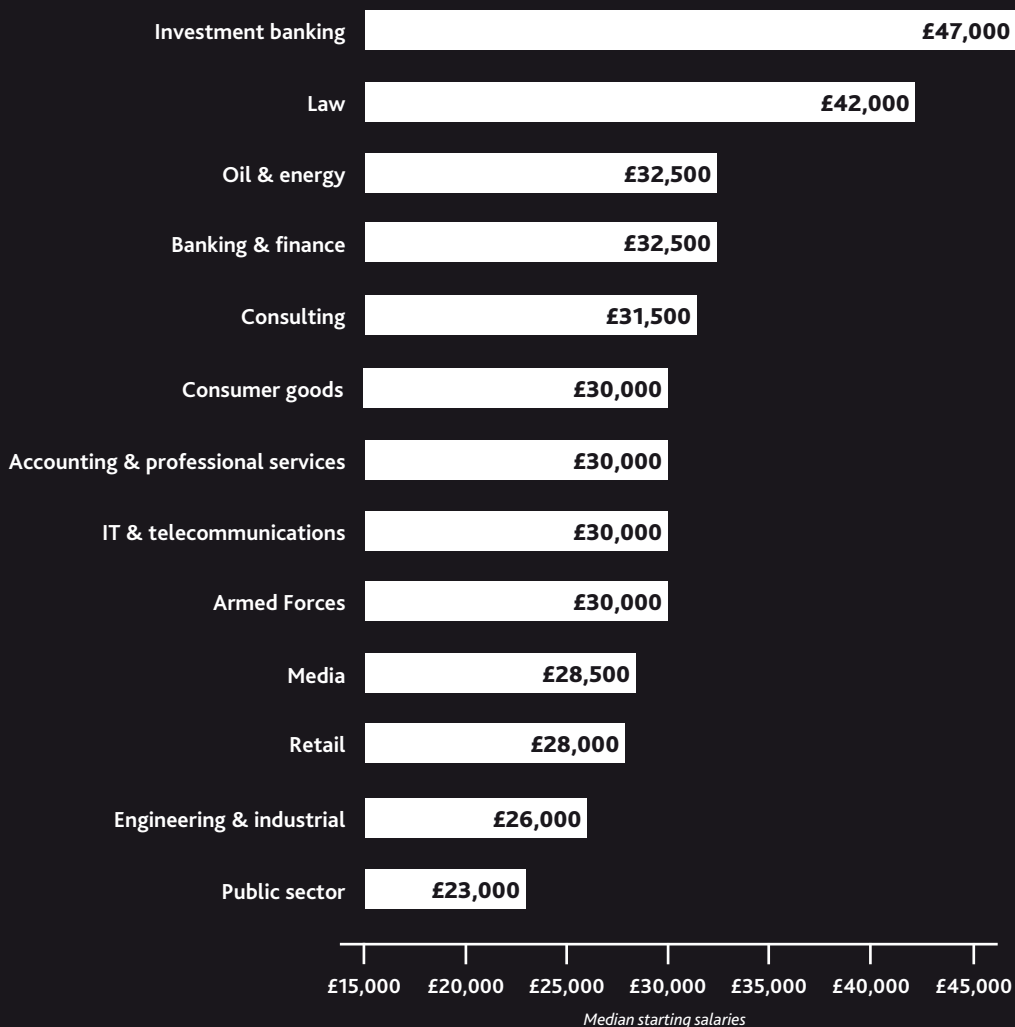
Source - *The Graduate Market in 2016*

The highest-paying graduate employers in 2016 are the investment banks and law firms (see *Chart 13*). Although very few of the banks openly promote their graduate packages, this research confirms that the best-known employers in the City are currently paying starting salaries of between £37,000 and £52,000 to new recruits. Several of the leading law firms have increased their graduate starting salaries by up to £2,000 in the last eighteen months, taking the median pay for trainees up to a new median of £42,000.

Seven other sectors – oil & energy, banking & finance, consulting, consumer goods, accounting & professional services, IT & telecommunications and the Armed Forces – are now offering median graduate salaries of £30,000 or more. The lowest graduate starting salaries in 2016 are for those joining public sector employers.

More than two-fifths of employers confirmed that they would also pay their new graduates some form of ‘starting work bonus’ or relocation allowance, typically in the range of £1,500 to £5,000, although the most generous packages provide payments of up to £10,000.

Chart 13 Graduate Salaries at the UK's Top Employers in 2016, by Sector or Industry



Source - The Graduate Market in 2016

Changes to Graduate Vacancies 2006-2016

Graduate recruitment went through something of a boom between 2005 and 2007 – the number of vacancies for university-leavers at the UK’s leading graduate employers increased by more than 10 per cent annually and there were more opportunities for graduates in each of the fourteen key industries and business sectors.

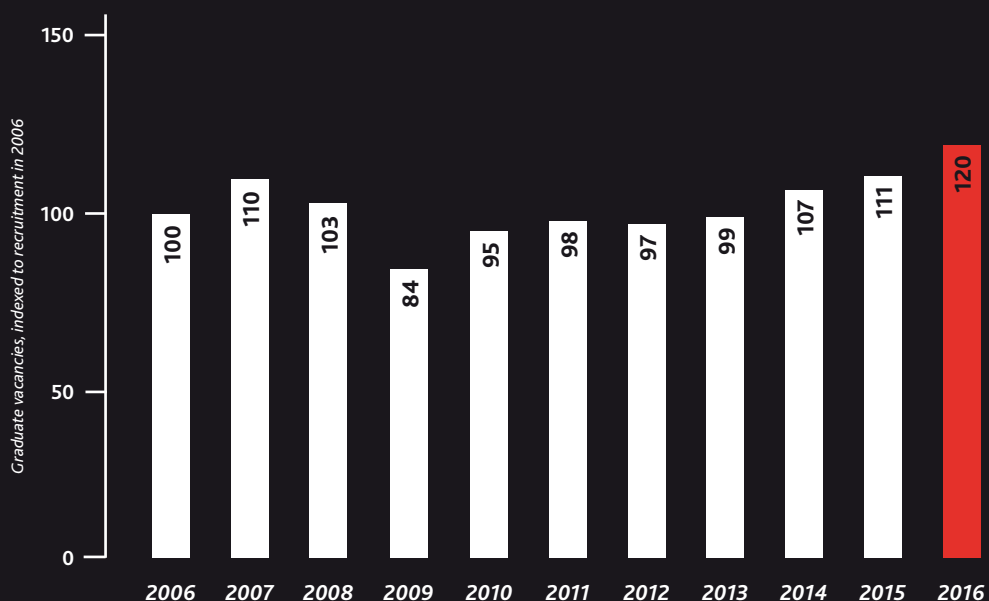
The onset of the global financial crisis and the recession that followed in the UK had a profound effect on the graduate market and graduate vacancies at organisations featured in *The Times Top 100 Graduate Employers* fell by an unprecedented 23.3 per cent in 2008 and 2009. Entry-level positions were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

The most significant cuts took place at the investment banks, IT & telecommunications 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 over the period, stepping up vacancies by 45 per cent during this two-year period, helped by the rapid expansion of the Teach First scheme.

It is interesting to benchmark how graduate vacancies have changed over the last ten years (see *Chart 2.10*). This indexing of vacancies shows that as the global recession took hold, the number of opportunities for graduates at Britain’s top employers dropped by almost a quarter in 2008 and 2009.

Twelve months later, the graduate job market bounced back convincingly and vacancies grew by 12.6 per cent in 2010, with a further increase of 2.8 per cent in 2011. The recovery stalled again in 2012 but recruitment increased again in 2013 and 2014. The modest 3.3 per cent rise in graduate recruitment recorded in 2015 and the further substantial increase of 8.4 per cent expected this year means that there will be 9 per cent more graduate vacancies

Chart 14 Indexing Graduate Vacancies at the UK’s Top Employers 2006 to 2016



Source - The Graduate Market in 2016

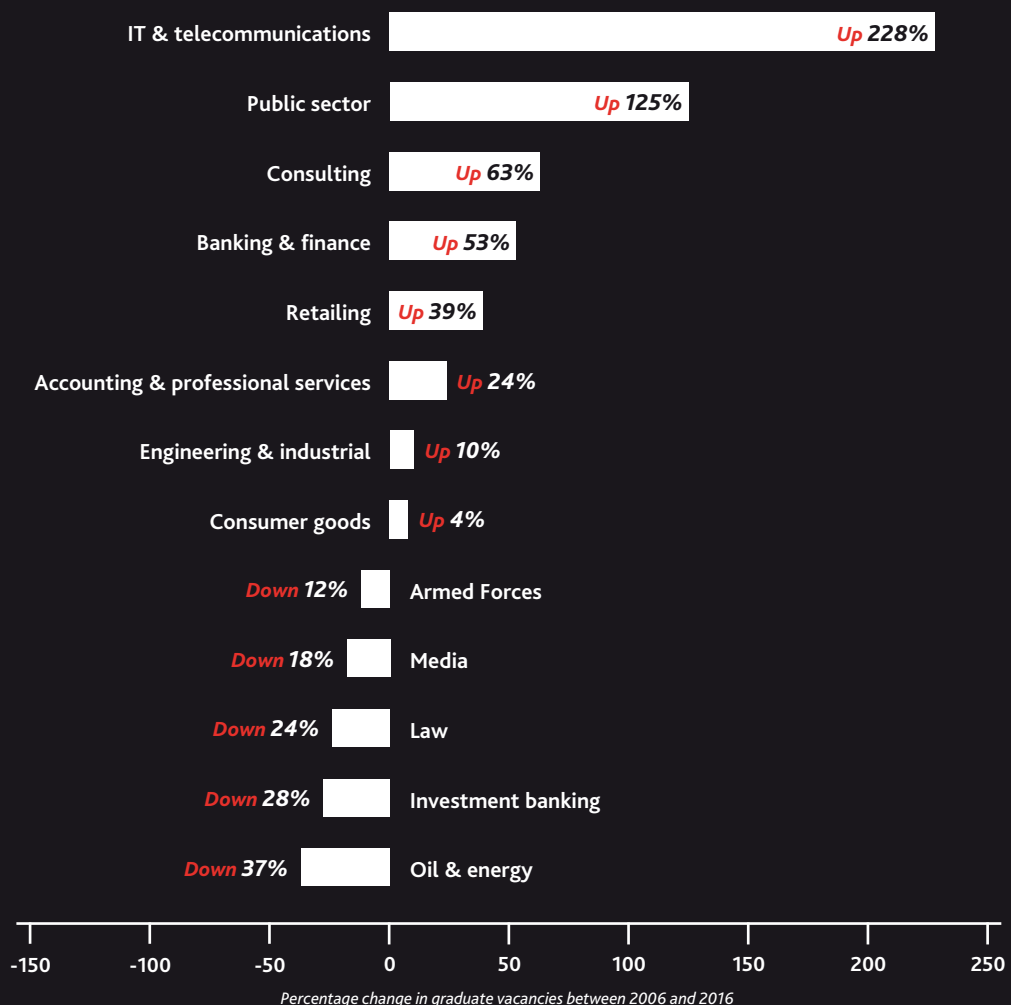
available in 2016 compared with 2007, the pre-recession peak in graduate recruitment, and almost 43 per cent more opportunities than in 2009, the low-point in the graduate job market during the economic crisis.

Comparing this year's graduate recruitment targets in individual industries and business sectors with the number of new recruits hired in 2006 shows that in eight key employment areas, graduate vacancies are now higher than they were ten years ago (see *Chart 15*).

Graduate recruitment at the country's top IT & telecommunications companies and in the public sector has more than doubled over the last decade and training places at consulting firms and banking & finance companies have increased by at least 50 per cent.

There are more graduate jobs too at the leading high street retailers, accounting & professional services firms, engineering & industrial and consumer goods companies. However, graduate recruitment at the largest oil & energy groups, City investment banks, the top law firms, media companies and the Armed Forces remains lower than it was in 2006.

Chart 15 How Graduate Vacancies Changed 2006 to 2016, by Sector or Industry



Source - The Graduate Market in 2016

Summary of Research

This end-of-year update to *The Graduate Market in 2016* is based on a study of graduate recruitment at the UK's best-known and most successful employers, completed by **High Fliers Research** during early June 2016*.

The research confirms that graduate vacancies at employers featured in the latest edition of *The Times Top 100 Graduate Employers* have increased by 8.4 per cent in 2016 – the largest annual rise for six years – taking graduate recruitment to its highest-ever level. Graduate vacancies increased by 3.3 per cent in 2015, 7.9 per cent in 2014 and by 2.5 per cent in 2013, following a dip of 0.8 per cent in 2012.

Application levels for the best graduate jobs have risen by 8.8 per cent year-on-year, with the leading employers receiving an average of 35 applications per graduate in 2016.

The median graduate starting salary at the country's top employers remains at £30,000 for the second year running, following small increases in 2015 and 2014.

* Please note that research for this report took place before Britain voted to leave the EU in the referendum on 23rd June 2016.

Table 16 Analysis of Graduate Recruitment in 2016, by Industry or Business Sector

Industry or Business Sector	Changes in vacancies in 2016	Applications per vacancy in 2016 (2015)	Median graduate starting salaries in 2016	How median salaries have changed since 2015
Accounting & professional services	▲ 4.8%	18.6 (19.5)	£30,000	NO CHANGE
Armed Forces	▲ 36.7%	-	£30,000	NO CHANGE
Banking & finance	▲ 18.7%	61.3 (56.9)	£32,500	-
Consulting	▲ 5.2%	18.6 (19.9)	£31,500	NO CHANGE
Consumer goods	▲ 13.5%	202.6 (123.3)	£30,000	▲ £1,000
Engineering & industrial	▲ 3.2%	42.9 (37.5)	£26,000	▼ £1,500
Investment banking	▲ 2.4%	38.2 (39.2)	£47,000	▲ £2,000
IT & telecommunications	▼ 1.3%	18.0 (17.2)	£30,000	NO CHANGE
Law	▼ 2.9%	-	£42,000	▲ £2,000
Media	▲ 17.1%	103.1 (132.3)	£28,500	▼ £1,500
Oil & energy	▼ 6.3%	67.8 (79.0)	£32,500	NO CHANGE
Public sector	▲ 12.7%	26.3 (25.4)	£23,000	▲ £1,500
Retailing	▲ 16.8%	74.6 (63.2)	£28,000	▲ £2,000
ALL SECTORS	▲ 8.4%	34.7 (33.6)	£30,000	NO CHANGE

Source - The Graduate Market in 2016