

The Graduate Market in 2007

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



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New to graduate recruitment?

Get off to a flying start.

For more than a decade, **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 **Tim Wise**, Research Director on 020 7428 9000 or email tim.wise@highfliers.co.uk*

Foreword

Executive Summary

The Graduate Market in 2007 is a study of graduate vacancies and starting salaries at one hundred of the UK's best-known and most successful employers, conducted by High Fliers Research during December 2006:

- Graduate vacancies at the UK's top employers are set to **increase by 10.1%** in 2007, the third year running that the number of new graduate positions has increased – vacancies grew by 10.8% in 2006 and by 10.9% in 2005.
- Over **40%** of leading employers plan to **hire more graduates this year**, around half believe they will recruit similar numbers to 2006 and a tenth expect to reduce their graduate intake in 2007.
- The sectors preparing to recruit the most graduates are **accountancy & professional services** (25.7% of total graduate jobs), **investment banking** (15.0% of total), the **Armed Forces** (10.5% of total) and the **public sector** (8.4% of total).
- The smallest graduate employers are those in the chemicals & pharmaceuticals industry (0.6% of total), consumer goods manufacturers (1.4% of total), and oil & energy companies (2.0% of total).
- The fastest growing sectors are **media** (vacancies up 66.7%), IT & telecoms (up 47.8%), oil & energy (up 29.6%) and banking & finance (up 22.4%).
- Accounting & professional services firms and investment banks also plan to recruit more graduates in 2007 but vacancies in the **Armed Forces** and the **chemical & pharmaceutical** industry are unchanged from 2006 levels.
- Just one sector is predicting a smaller graduate intake this year – **consumer goods** manufacturers.
- More than **90%** of leading employers are recruiting graduates to work in **London** or the **south east of England** in 2007. By contrast, less than half have any vacancies at all in **Scotland, Wales** or **Northern Ireland**.
- The largest recruiters of graduates in 2007 are expected to be **Deloitte** (1,400 vacancies), **PricewaterhouseCoopers** (1,200 vacancies), the **Army** (1,000 vacancies), **KPMG** (850 vacancies), **Ernst & Young** (750 vacancies), **Bloomberg** (600 vacancies), **Accenture** (500 vacancies), **Royal Navy** (500 vacancies), **JP Morgan** (400 vacancies), **HSBC** (400 vacancies) and **Barclays Capital** (400 vacancies).
- **Starting salaries** at the UK's leading graduate employers are due to **rise by 7.1%** in 2007, taking average packages to **£25,500** – a £1,700 increase on average salaries paid to new graduates in 2006. Salaries rose by 3.0% in 2006 and 2.7% in 2005.

- Almost a quarter of top graduate programmes will now pay new recruits at least **£30,000** when they start work.
- The most generous salaries are those on offer from **law** firms (average of £31,000), **consulting** firms (average of £28,500) and **oil & energy** companies (average of £28,000). Although none of the investment banks included in the research publicise their graduate packages, starting salaries in the sector are estimated to be between £32,000 and £40,000 for 2007.
- **Public sector** employers (average of £21,200), **retailers** (average of £21,500) and **engineering & industrial** companies (average of £23,000) have the lower graduate pay rates for 2007.
- The majority of leading employers have been actively marketing their graduate vacancies at between 10 and 20 universities in the UK, using a variety of university careers fairs, campus recruitment presentations and local advertising.
- The three universities most-often targeted by Britain's leading graduate employers are **Manchester, Cambridge** and **Nottingham**.
- Overall, graduate vacancies have now risen by more than **35%** since 2004 and starting salaries for new graduates have increased by an inflation-busting **13.2%** over the same period.
- Together, employers featured in the research are set to hire **17,134 graduates** in 2007, compared to the **15,556** recruited in 2006.
- Despite these encouraging findings for 2007, the recent growth in employers' graduate programmes has failed to keep pace with the huge rise in the number of students going to university over the last decade. As a result, around 265,000 graduates are expected to leave university in the summer of 2007 and yet there are only an estimated 95,000 graduate-level vacancies available across all UK employers.

Chapter 1

Introduction

Researching the Graduate Market

Welcome to **The Graduate Market in 2007** – the annual review of graduate vacancies and starting salaries at Britain’s leading employers. The research is based on a study of graduate recruitment at the organisations named as *The Times Top 100 Graduate Employers 2006* in a poll of more than 16,000 final year students to find “Which employer offers the best opportunities for graduates?”, conducted by High Fliers Research.

The research examines the number of graduate vacancies available at the UK’s leading employers in 2007, compared with recruitment levels in 2006 and assesses the starting salaries that top employers are planning to pay new graduates starting work with their organisations in 2007. Results are also presented for the individual industries and business sectors represented within *The Times Top 100 Graduate Employers*.



About High Fliers Research

High Fliers Research Limited is an independent market research company which specialises in student and graduate research. Established in 1994, the company has now worked with over 100 leading employers to measure the impact of their recruitment activities on campus and help them understand their position in the graduate market.



The company is best-known for *The UK Graduate Careers Survey*, its innovative annual study of over 16,000 final year university undergraduates. 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 2002, High Fliers Research has also conducted regular surveys of leading UK and international employers to research current graduate vacancy levels, starting salaries and benchmark the latest graduate recruitment practices.

A new venture for the company has been the launch of its first overseas student survey, *The Australia & New Zealand Graduate Careers Survey*. Following a successful pilot study in 2004, the survey is now being conducted regularly at sixteen leading universities ‘down under’. In addition, High Fliers Research works closely with the **Australian Association of Graduate Employers** to carry out its annual survey of graduate employers in Australia.

During 2006, High Fliers Research introduced professional training for graduate recruiters, monthly intensive one-day training courses for those new to graduate recruitment.

The Times Top 100 Graduate Employers

As part of the campus research for *The UK Graduate Careers Survey 2006*, 16,452 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 500 different organisations – the one hundred employers with the most votes form **The Times Top 100 Graduate Employers** for 2006. It is these employers that are included in the research for *The Graduate Market in 2007* report:



<i>Accenture</i>	<i>Cancer Research UK</i>	<i>Grant Thornton</i>	<i>NHS</i>
<i>Addleshaw Goddard</i>	<i>Citigroup</i>	<i>HBOS</i>	<i>Oxfam</i>
<i>Airbus</i>	<i>Civil Service</i>	<i>Herbert Smith</i>	<i>Penguin</i>
<i>Aldi</i>	<i>Clifford Chance</i>	<i>HSBC</i>	<i>Pfizer</i>
<i>Allen & Overy</i>	<i>Corus</i>	<i>IBM</i>	<i>Police</i>
<i>Arcadia</i>	<i>Credit Suisse</i>	<i>Intel</i>	<i>PricewaterhouseCoopers</i>
<i>Army</i>	<i>Data Connection</i>	<i>John Lewis</i>	<i>Procter & Gamble</i>
<i>Arup</i>	<i>Deloitte</i>	<i>JP Morgan</i>	<i>QinetiQ</i>
<i>Asda</i>	<i>Deutsche Bank</i>	<i>KPMG</i>	<i>RAF</i>
<i>AstraZeneca</i>	<i>Diageo</i>	<i>L'Oréal</i>	<i>Reuters</i>
<i>Atkins</i>	<i>DLA Piper</i>	<i>Lehman Brothers</i>	<i>Rolls-Royce</i>
<i>BAE Systems</i>	<i>DSTL</i>	<i>Linklaters</i>	<i>Royal Bank of Scotland Group</i>
<i>Bain & Company</i>	<i>Environment Agency</i>	<i>Lloyds TSB</i>	<i>Royal Navy</i>
<i>Baker & McKenzie</i>	<i>Ernst & Young</i>	<i>Local Government NGDP</i>	<i>Saatchi & Saatchi</i>
<i>Bank of America</i>	<i>Eversheds</i>	<i>Lovells</i>	<i>Sainsbury's</i>
<i>Barclays Bank</i>	<i>ExxonMobil</i>	<i>Marks & Spencer</i>	<i>Shell</i>
<i>Barclays Capital</i>	<i>Financial Services Authority</i>	<i>Mars</i>	<i>Siemens</i>
<i>BBC</i>	<i>Foreign Office</i>	<i>McDonald's Restaurants</i>	<i>Slaughter and May</i>
<i>Bloomberg</i>	<i>Freshfields</i>	<i>McKinsey & Company</i>	<i>Sony</i>
<i>Boots</i>	<i>Fujitsu</i>	<i>Mercer Consulting</i>	<i>Teach First</i>
<i>Boston Consulting Group</i>	<i>GCHQ</i>	<i>Merrill Lynch</i>	<i>Tesco</i>
<i>BP</i>	<i>GlaxoSmithKline</i>	<i>Microsoft</i>	<i>UBS</i>
<i>British Airways</i>	<i>Goldman Sachs</i>	<i>Ministry of Defence</i>	<i>Unilever</i>
<i>BT</i>	<i>Google</i>	<i>Morgan Stanley</i>	<i>Virgin</i>
<i>Cadbury Schweppes</i>	<i>Government Legal Service</i>	<i>Nationwide</i>	<i>WPP</i>

Chapter 2

Graduate Vacancies

Job Vacancies for Graduates

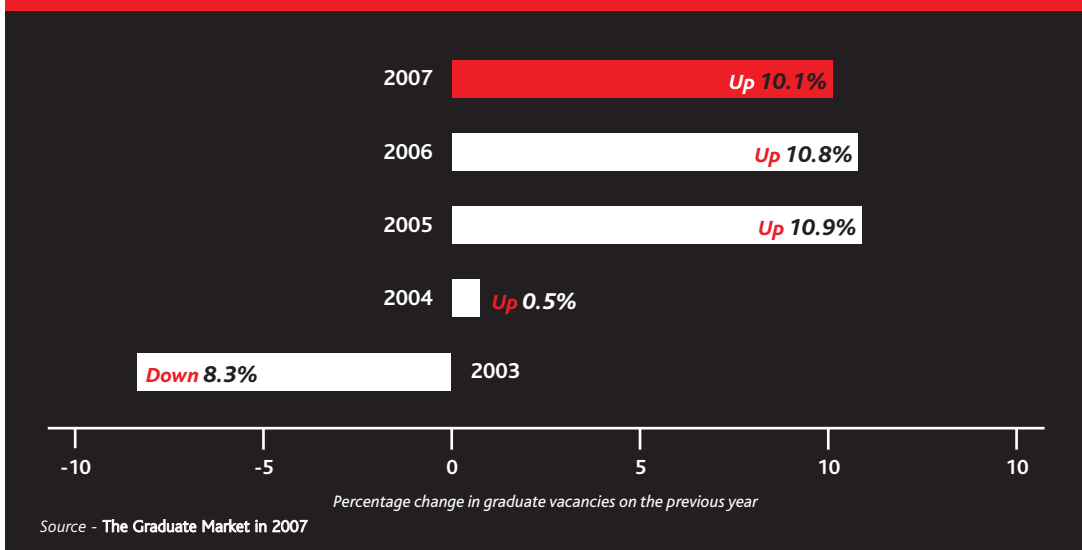
The first part of the research examines the number of graduate vacancies available at the UK's leading employers in 2007, compared with recruitment levels in 2006. Graduate vacancies for 2007 are typically positions with an autumn 2007 start date, promoted during the 2006-2007 recruitment season. A significant proportion of the vacancies at employers included in the research are places on formal graduate development programmes, but other degree-level entrants are included where appropriate.

The total number of graduate jobs on offer in 2007 at top employers is **17,134**, up 10.1% on the **15,556** graduates who were recruited by the same organisations in 2006 (see *Chart 2.1*). This is the third consecutive year that prospects for university-leavers have improved significantly – vacancies increased by 10.8% in 2006 and by 10.9% in 2005 – which means that the graduate job market has now grown by more than **35%** during the last three years.

This period of sustained growth in opportunities for new graduates is in marked contrast to the 2001-2002 and 2002-2003 recruitment seasons. Graduate vacancies were then cut by up to a quarter as employers in many different business sectors tried to reduce staff costs to offset the effects of an economic slow-down, caused in part by the 9/11 terrorist attacks in the US, and several well-known organisations cut their graduate programmes dramatically or froze their intake altogether during this time.

In all, Britain's leading employers have now added around 5,000 extra vacancies to their graduate programmes since 2004, taking recruitment levels in several industries and business sectors to record levels.

Chart 2.1 How Job Vacancies for Graduates have changed over the last 5 years



Graduate Vacancies in 2007

The research shows that there is a very wide variation in the scale of recruitment undertaken by the UK’s top employers. A quarter of organisations are expecting to hire 50 or fewer new graduates in 2007 and yet almost a fifth of employers anticipate hiring at least 250 for their programmes (see *Chart 2.2*). The smallest recruiter in 2007 plans to hire just ten graduates for their organisation whilst the three largest hope to take on at least 1,000 new joiners. The majority of employers, though, expect to recruit between 50 and 250 and the median number of vacancies at individual organisations this year is 100 graduates.

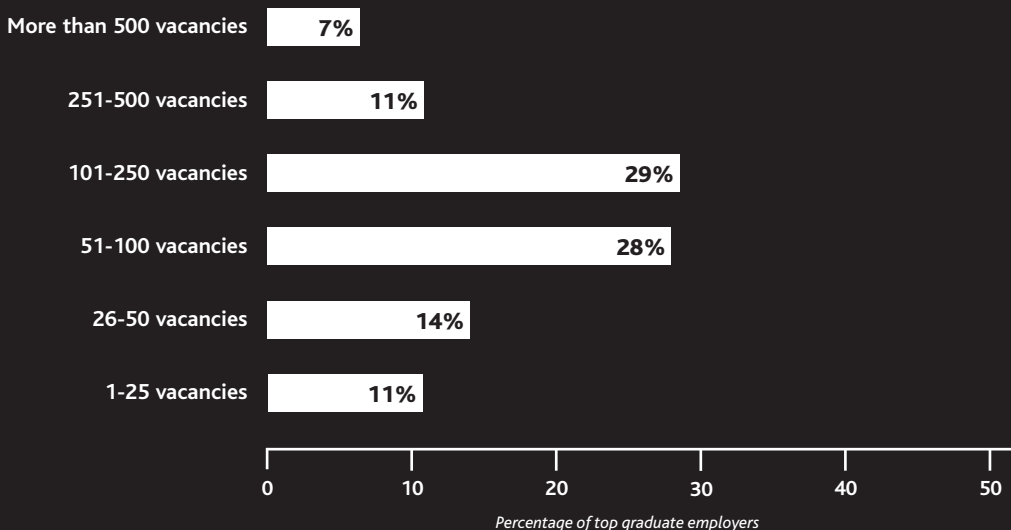
Analysed by business sector, it is evident that the graduate job market in 2007 is dominated by two types of employer, which together account for over 40% of graduate vacancies (see *Chart 2.3*). Despite the fact that only five accountancy & professional services firms are featured within the research, their recruitment amounts to more than a quarter of the top graduate jobs available in the UK in 2007. Together the ‘Big Four’ firms – Deloitte, Ernst & Young, KPMG and PricewaterhouseCoopers – plus mid-tier firm Grant Thornton are predicting recruiting at least 4,400 graduate trainees for their UK offices.

The second largest recruiters are the City investment banks which are expecting to take on approximately 2,600 university-leavers, approximately a sixth of the total vacancies for university-leavers. New graduates are recruited into a wide variety roles in areas such as mergers & acquisitions, markets, asset management, operations and technology.

Britain’s three Armed Forces – the Army, Royal Air Force and Royal Navy – together have a requirement for around 1,800 new Officers annually, the majority of whom will be graduates. Their intake for 2007 accounts for more than 10% of the total number of graduate vacancies available at leading employers.

Even though there are more public sector organisations on the list of top UK employers than any other type of recruiter, the public sector only offers approximately 8% of the total vacancies for graduates in 2007.

Chart 2.2 Number of Graduate Vacancies at leading UK Employers in 2007

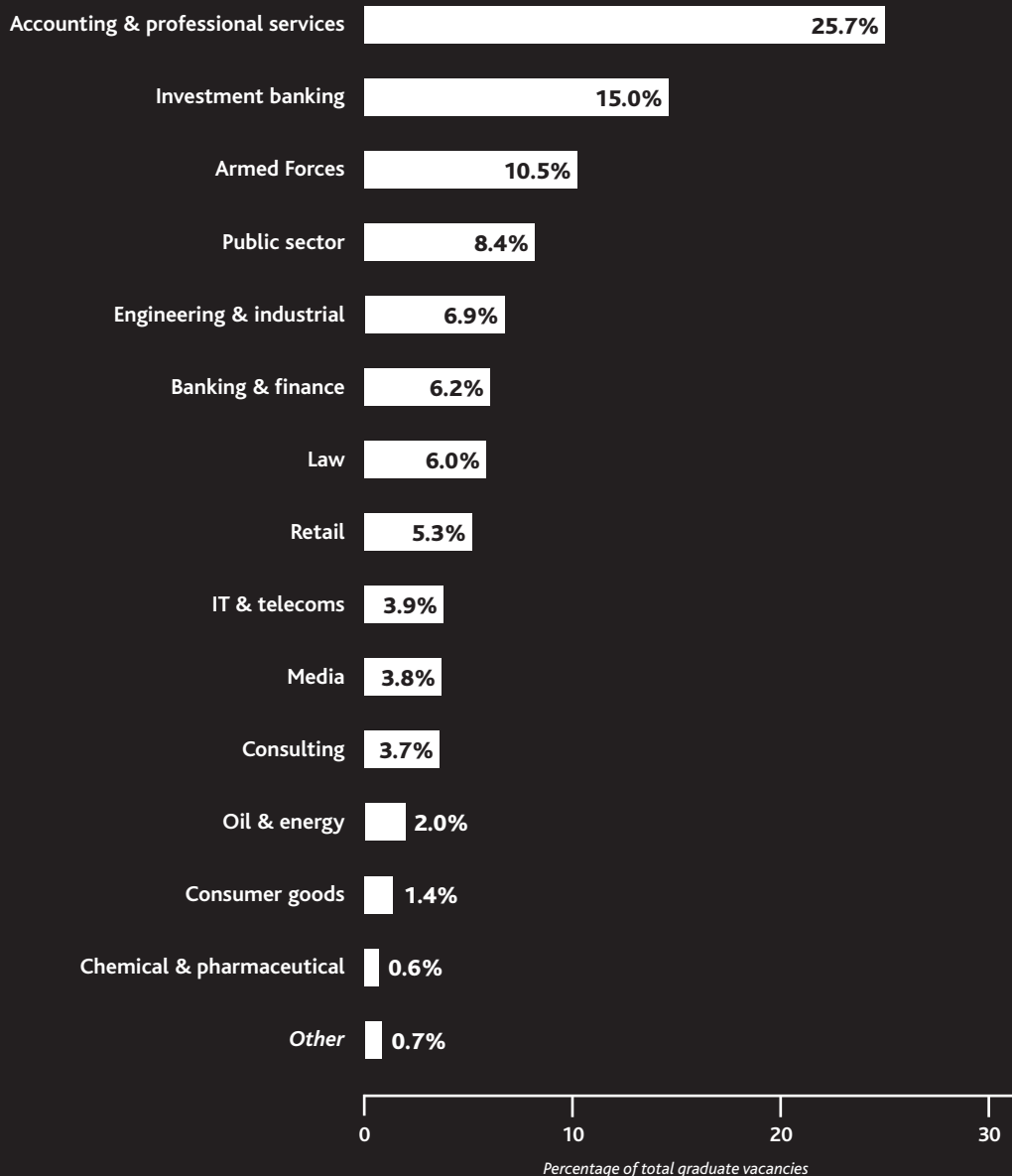


Source - The Graduate Market in 2007

Barely one in ten graduate jobs are at engineering & industrial companies or at IT & telecoms firms. Although law firms are well-represented amongst the list of top graduate employers, their combined vacancies for trainee solicitors amount to just 6% of the total graduate jobs on offer.

The lowest numbers of positions for graduates in 2007 are at chemical & pharmaceutical companies, consumer goods manufacturers, oil & energy producers, and management consultancy firms. Graduate vacancies in the media amount to almost 4% of the total jobs available, thanks largely to a major recruitment drive at one high-profile news and information group.

Chart 2.3 Graduate Vacancies at UK Employers in 2007, by Sector or Industry



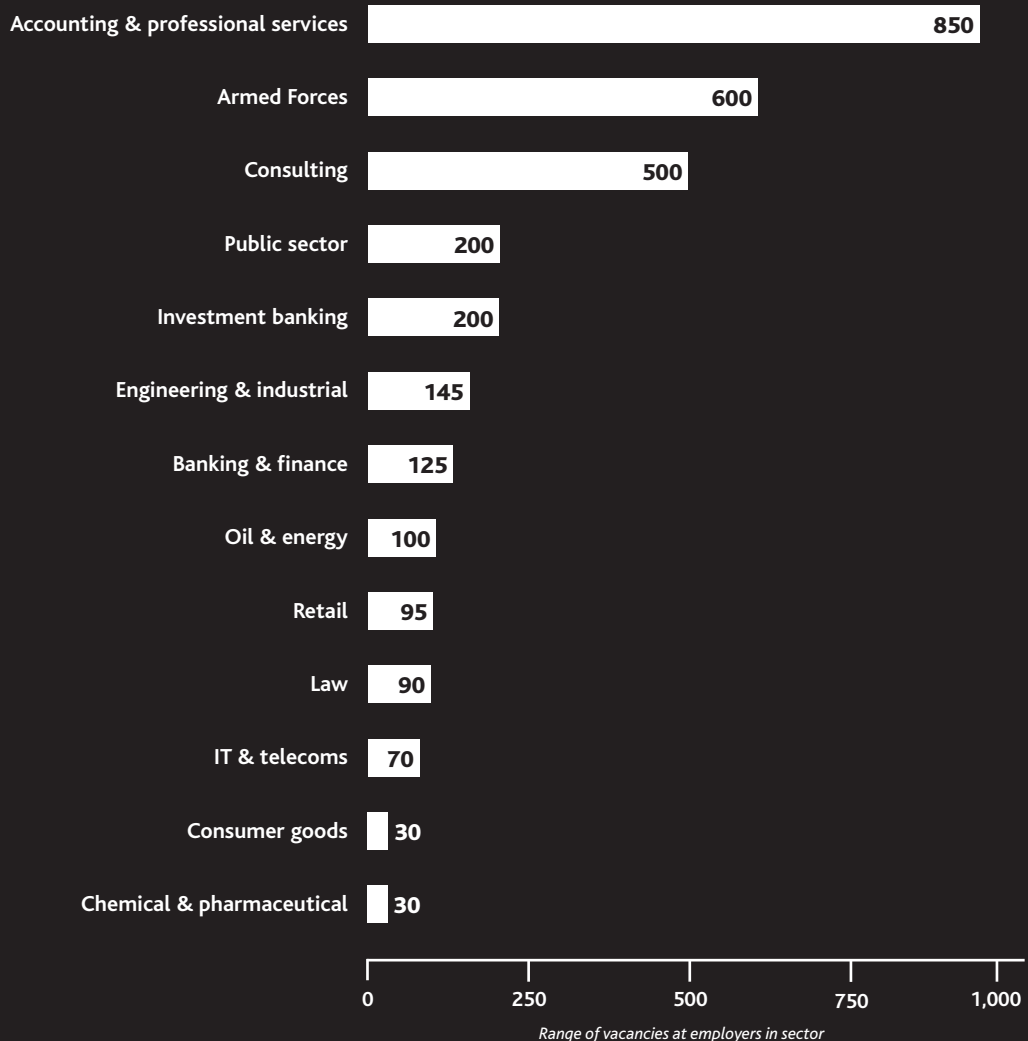
Source - The Graduate Market in 2007

Profiling Graduate Vacancies in 2007

Analysing the number of graduate vacancies at individual employers in 2007 reveals significant differences between business sectors. Accounting and professional services firms, the Armed Forces and consulting firms have the highest intakes, averaging between 500 and 850 graduates per sector (see *Chart 2.4*). The smallest recruiters are chemical & pharmaceutical companies and consumer goods manufacturers which have an average of just 30 vacancies per organisation.

The largest individual graduate employers in 2007 are Deloitte (1,400 graduate vacancies), PricewaterhouseCoopers (1,200 vacancies) and the Army (1,000 vacancies). Other major recruiters include KPMG (850 vacancies), Ernst & Young (750 vacancies), Bloomberg (600 vacancies), Accenture (500 vacancies), Royal Navy (500 vacancies), HSBC (400 vacancies), Barclays Capital (400 vacancies) and JP Morgan (400 vacancies). These eleven major recruiters collectively expect to recruit 8,000 university-leavers in 2007.

Chart 2.4 Average Graduate Vacancies per Employer in 2007, by Sector or Industry

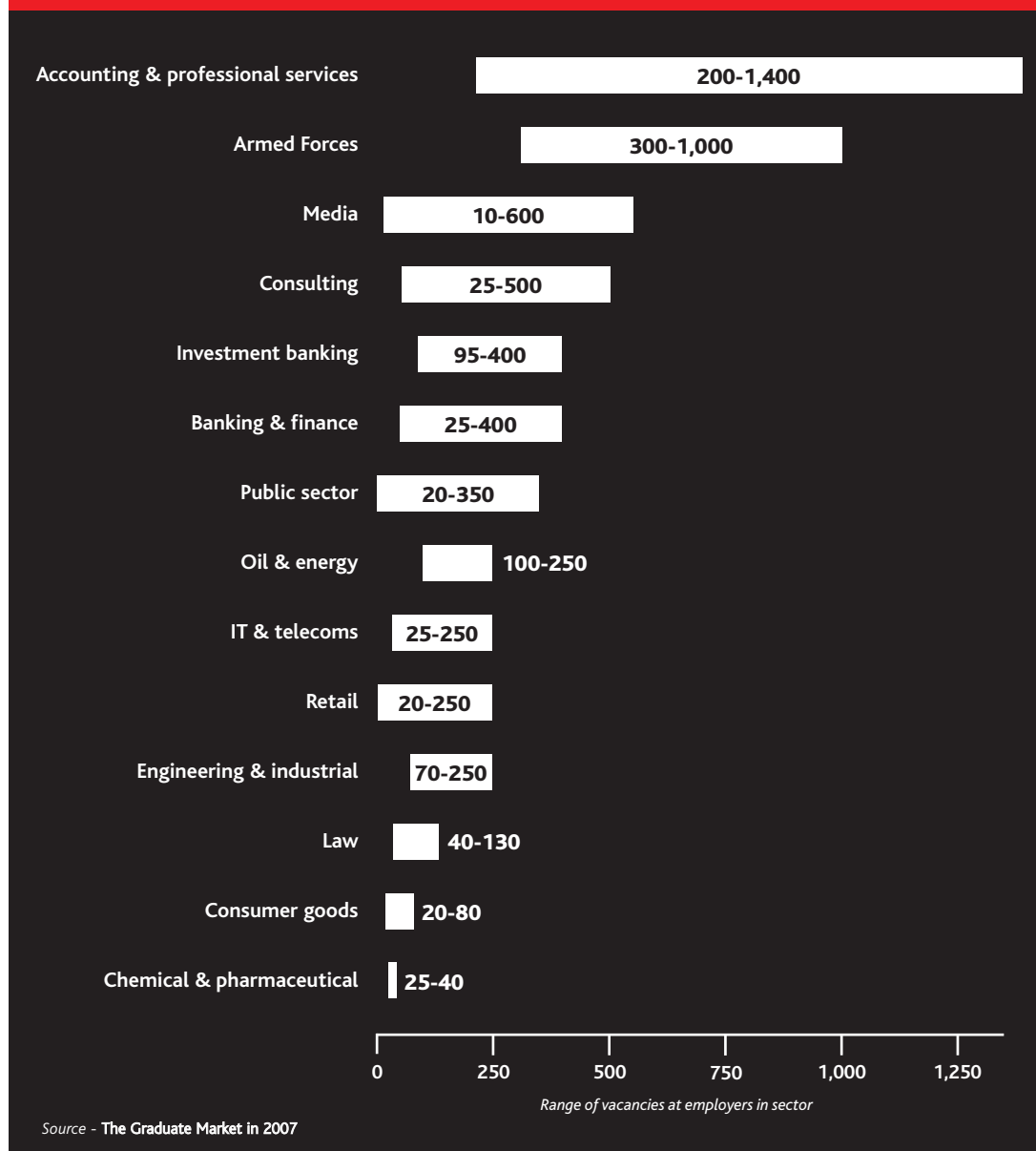


Source - The Graduate Market in 2007

The level of vacancies at the leading investment banks varies from 95 to 400 positions (see *Chart 2.5*), the average for the sector being 200 graduate jobs. The eleven law firms featured amongst Britain's top graduate employers are the most consistent recruiters, with each firm set to hire between 40 and 130 trainees during the current recruitment round. Media organisations have the widest range of vacancy numbers from just 10 positions at one employer to an impressive 600 graduate places at another.

Although graduate jobs in marketing – and particularly those at fast-moving consumer goods companies – are consistently amongst the most popular with university-leavers, the actual number of vacancies at individual consumer goods manufacturers ranges from just 20 to 80 places per company. Vacancies at engineering & industrial employers vary from 70 to 250 graduate positions.

Chart 2.5 Range of Graduate Vacancies at Employers in 2007, by Sector or Industry



Location & Type of Graduate Vacancies in 2007

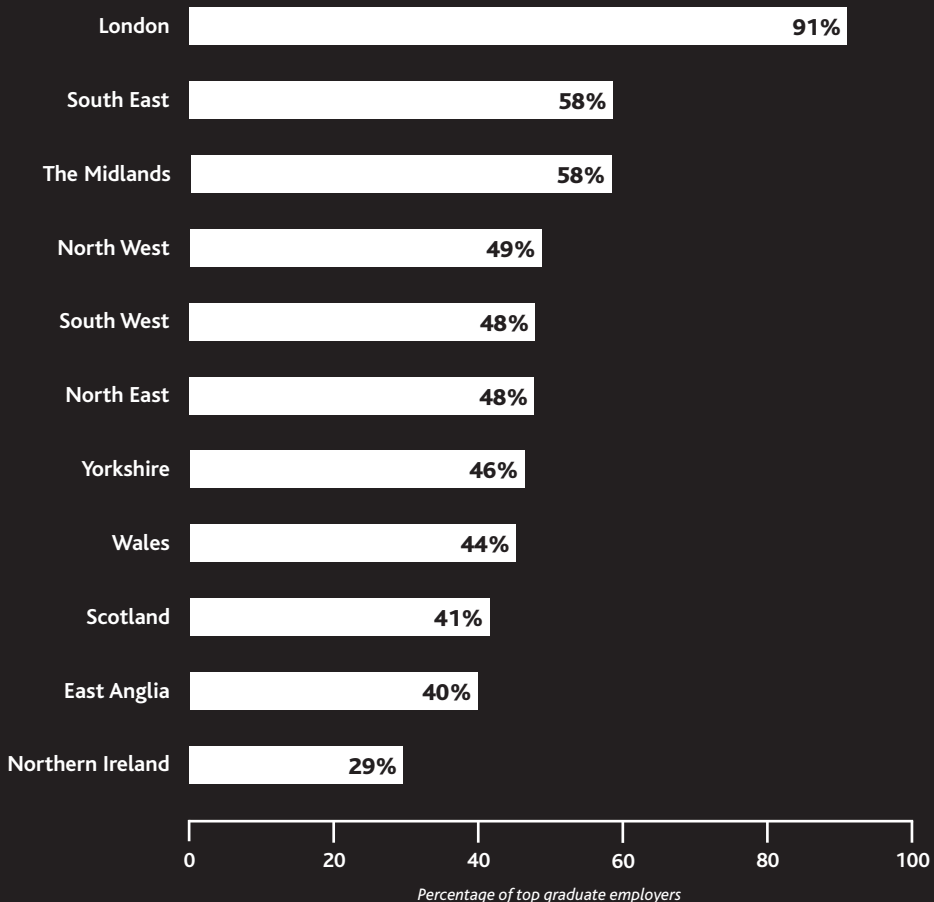
Examining where within the UK employers expect to employ graduates reveals that over 90% of organisations are offering vacancies in London for 2007 and more than half plan to hire new recruits for positions in the south east of England (see *Chart 2.6*). Whilst this doesn't necessarily mean that the majority of graduate vacancies are actually in or around the M25, it does confirm that almost every major employer does have opportunities within the region.

The Midlands and north west of England have the next highest numbers of employers recruiting graduates into the regions, followed by the south west and north east of England and Yorkshire. Of all the English regions, East Anglia is the least likely to yield graduate vacancies – 40% of employers have vacancies there in 2007.

A total of 41% and 44% of employers have jobs on offer in Scotland and Wales respectively and 29% are recruiting for graduate opportunities in Northern Ireland.

The research also records the type of job functions that employers are hoping to recruit graduates into during 2007. The most common requirement is for IT and finance vacancies – almost 60% of employers are set to recruit for these areas, irrespective of their

Chart 2.6 Location of Graduate Vacancies at leading UK Employers in 2007

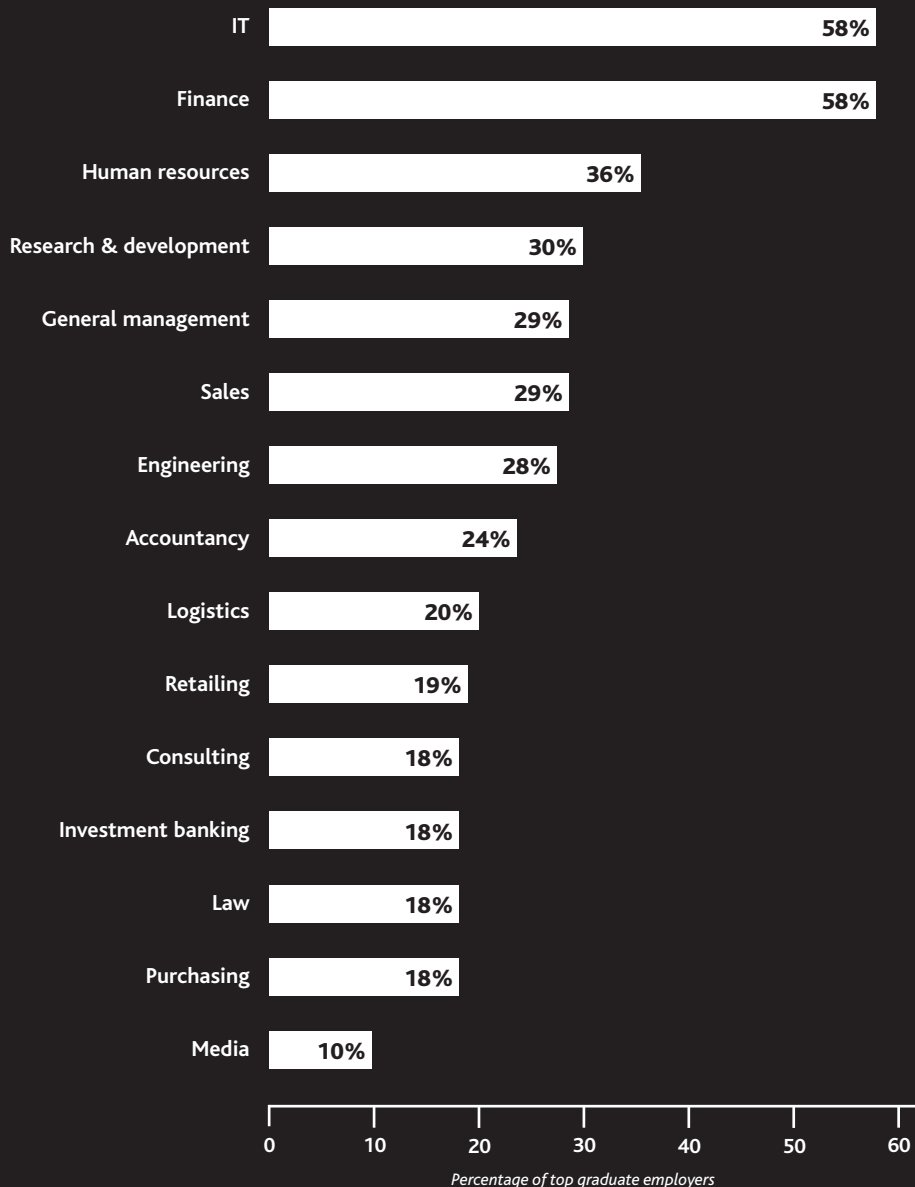


Source - The Graduate Market in 2007

organisation's main purpose. A third of employers expect to have positions in human resources, 30% offer vacancies in research & development, and similar numbers are recruiting for general management, sales and engineering jobs. Fewer than a fifth of employers are recruiting for consulting, investment banking and law roles and just 10% have media vacancies.

These results underline the large 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 small and yet the volume of graduates needed to work in IT functions at a wide range of employers in other industries and business sectors is considerable.

Chart 2.7 Type of Graduate Vacancies at leading UK Employers in 2007



Source - The Graduate Market in 2007

Changes in Graduate Vacancies since 2006

Nearly half the UK's leading employers have expanded their graduate programmes since the 2006 recruitment round (see *Chart 2.8*). One in five organisations have added at least 25 new places to their schemes for 2007 and six employers expect to hire more than a hundred extra graduates.

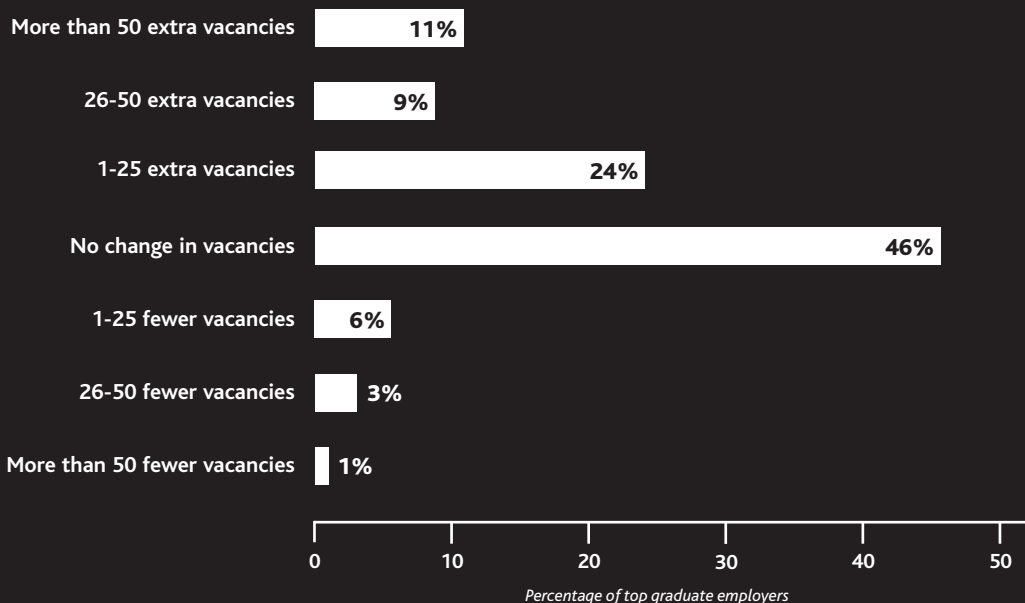
The largest individual increases are at two of the 'Big Four' accounting firms where the graduate intake is expected to jump by 200 trainees and a media company which plans to take on an additional 250 new recruits.

Not every major employer intends to recruit more graduates in 2007, though, and recruitment levels at almost half of organisations are unchanged from last year. One in ten employers expect to take on fewer recruits compared to 2006, but most are reductions of 25 vacancies or less. Just one top employers – in the engineering & industrial sector – is cutting their programme by fifty places.

The significant rise in the total graduate vacancies on offer from top employers in 2007 means that vacancies have also increased in most individual business areas and industries. A total of eleven different types of employer are expecting increased vacancy levels, including those in the media, IT & telecoms, oil & energy, and banking & finance which are reporting vacancy increases of more than a fifth compared with graduate recruitment in 2006 (see *Chart 2.9*). The most substantial growth has been at the accounting & professional services firms which are offering an extra 450 graduate vacancies this year.

Despite the general trend, graduate jobs at engineering & industrial employers, retailers, public sector organisations and law or consulting have only increased marginally compared with 2006 levels. Vacancies are unchanged at the Armed Forces and in the chemical & pharmaceutical industry and are set to fall in just one sector, consumer goods.

Chart 2.8 Changes to Graduate Vacancies at UK Employers since 2006

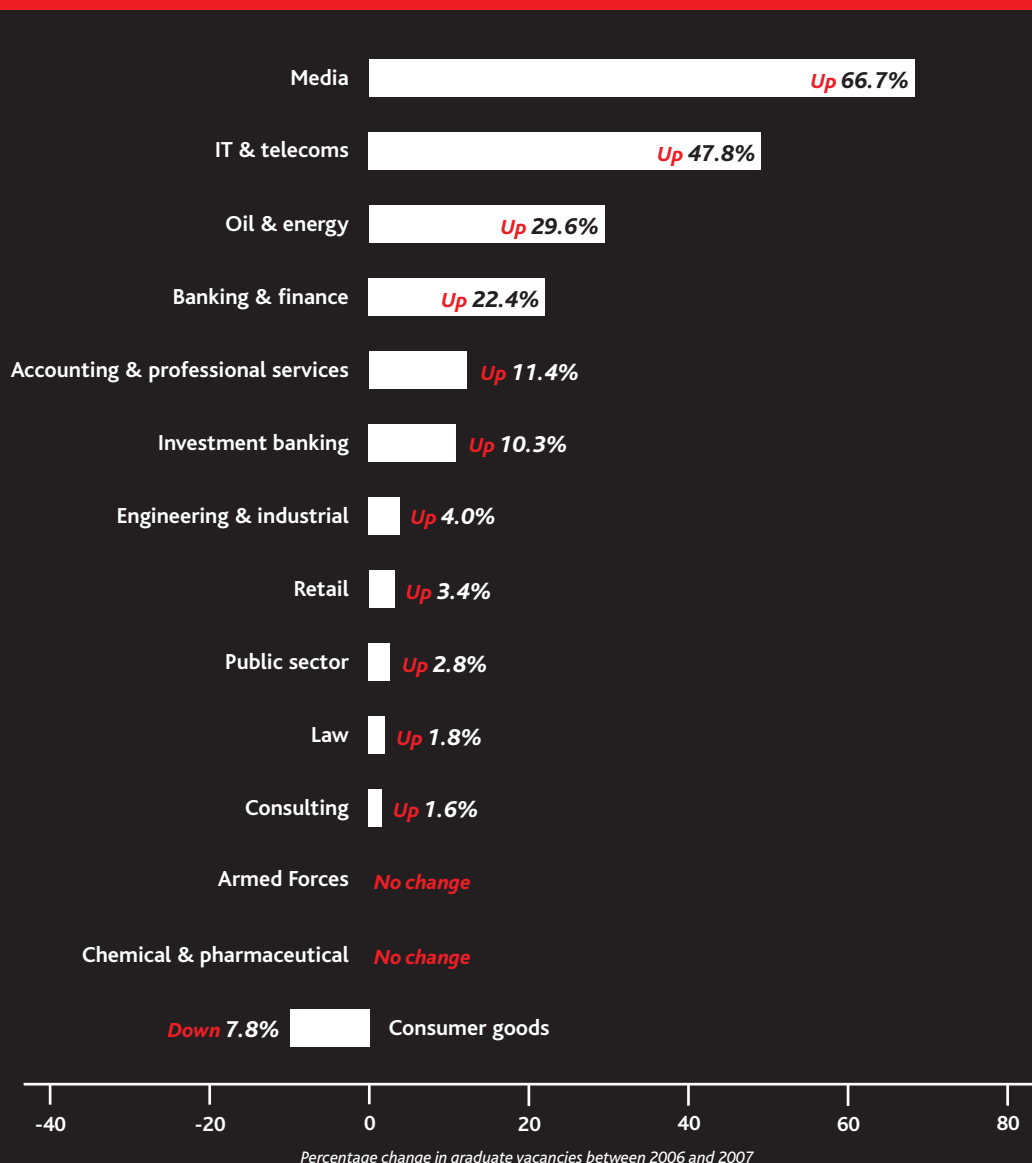


Source - The Graduate Market in 2007

It is interesting to see how the graduate job market has changed since 2004, the year after the recruitment cuts of 2002-2003. Over the last three hiring seasons, vacancies for new graduates at the UK's top employers have increased by over 35%, but in certain sectors the growth has been much more marked. The Big Four accounting & professional services firms have expanded their graduate intake by an astonishing 79% since 2004, there are more than 1,100 extra graduate jobs at City investment banks and the limited number of vacancies at media employers have more than trebled in three years.

Growth in other sectors has been decidedly more modest. Vacancies in the public sector have only increased by 9%, places at law firms are up by a total of 4%, and there are just 2% more graduate jobs available at consumer goods companies. There are still fewer positions for university-leavers in engineering & industry than there were three years ago.

Chart 2.9 How Graduate Vacancies have Changed since 2006, by Sector or Industry



Source - The Graduate Market in 2007

Summary

- Graduate vacancies at the UK's top employers are set to **increase by 10.1%** in 2007, the second year running that the number of new graduate positions has increased – vacancies grew by 10.8% in 2006.
- Over **40%** of leading employers plan to **hire more graduates this year**, around half believe they will recruit similar numbers to 2006 and a tenth expect to reduce their graduate intake in 2007.
- The sectors preparing to recruit the most graduates are **accountancy** (25.7% of total graduate jobs), **investment banking** (15.0% of total), the **Armed Forces** (10.5% of total) and the **public sector** (8.4% of total); the smallest graduate employers are those in chemicals & pharmaceuticals (0.6% of total), consumer goods (1.4% of total), and oil & energy (2.0% of total).
- The fastest growing sectors are **media** (vacancies up 66.7%), IT & telecoms (up 47.8%), oil & energy (up 29.6%) and banking & finance (up 22.4%).
- Accounting & professional services firms and investment banks also plan to recruit more graduates in 2007 but vacancies in the **Armed Forces** and the **chemical & pharmaceutical** industry are unchanged from 2006 levels.
- Just one sector is predicting a smaller graduate intake this year – **consumer goods** manufacturers.
- More than **90%** of leading employers are recruiting graduates to work in **London** or the **south east of England** this year. By contrast, less than half have any vacancies at all in **Scotland, Wales** or **Northern Ireland**.
- The largest graduate recruiters in 2007 are expected to be **Deloitte** (1,400 vacancies), **PricewaterhouseCoopers** (1,200 vacancies), the **Army** (1,000 vacancies), **KPMG** (850 vacancies), **Ernst & Young** (750 vacancies), **Bloomberg** (600 vacancies), **Accenture** (500 vacancies), **Royal Navy** (500 vacancies), **JP Morgan** (400 vacancies), **HSBC** (400 vacancies) and **Barclays Capital** (400 vacancies).

Chapter 3

Graduate Salaries

Starting Salaries for Graduates

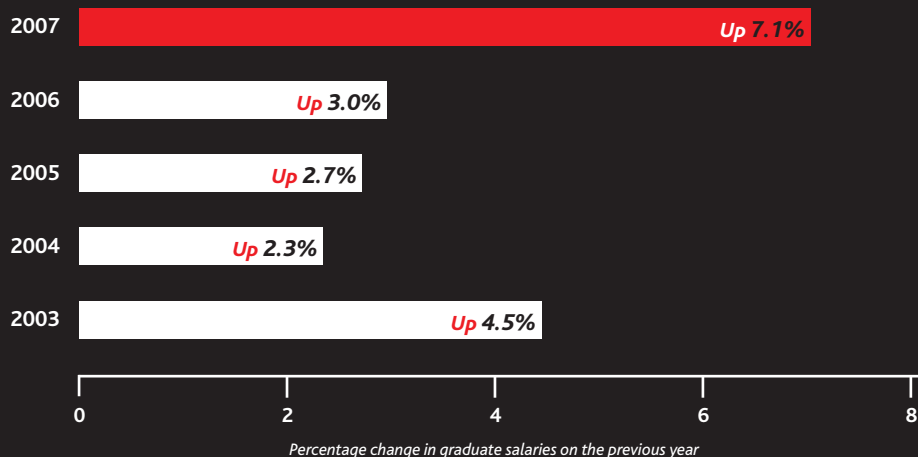
The second part of the research examines the starting salaries that top employers are planning to pay new graduates who are due to begin work in 2007, compared with salaries paid to graduate recruits who joined their organisations in 2006. The salaries quoted are generally the average national salaries that have been promoted by employers during the 2005-2006 and 2006-2007 recruitment rounds. The figures do not include additional benefits such as relocation allowances, regional weighting, subsidised company facilities or bonus schemes.

Graduate starting salaries at the UK's leading employers are set to increase by an impressive 7.1% in 2007, the highest annual increase recorded during the last five years (see *Chart 3.1*). This rise is substantially above the current rate of inflation and perhaps reflects the increasingly competitive nature of the graduate recruitment market in the UK.

Between 2004 and 2006, salaries rose by between 2.3% and 3.0% – marginally higher than a cost-of-living rise each year. Interestingly, during the previous recruitment season in 2002-2003, despite cuts in vacancy numbers, graduate starting salaries actually increased by a higher rate, 4.5% year-on-year.

Over the four years to 2006 pay for new graduates rose by a total of 11% but with the additional increase in 2007, average remuneration for university-leavers is now a fifth higher than in 2002. The equivalent increase in the cost-of-living for this period is 11% which suggests that graduate starting salaries are now nearly 10% higher in real terms, compared with those on offer five years ago.

Chart 3.1 How Starting Salaries for Graduates have changed over the last 5 years



Source - The Graduate Market in 2007

Graduate Salaries in 2007

Employers are offering a median starting salary of £25,500 for graduates starting work in 2007 but the research shows that the salaries on offer from the UK’s leading employers this year does vary considerably from organisation to organisation.

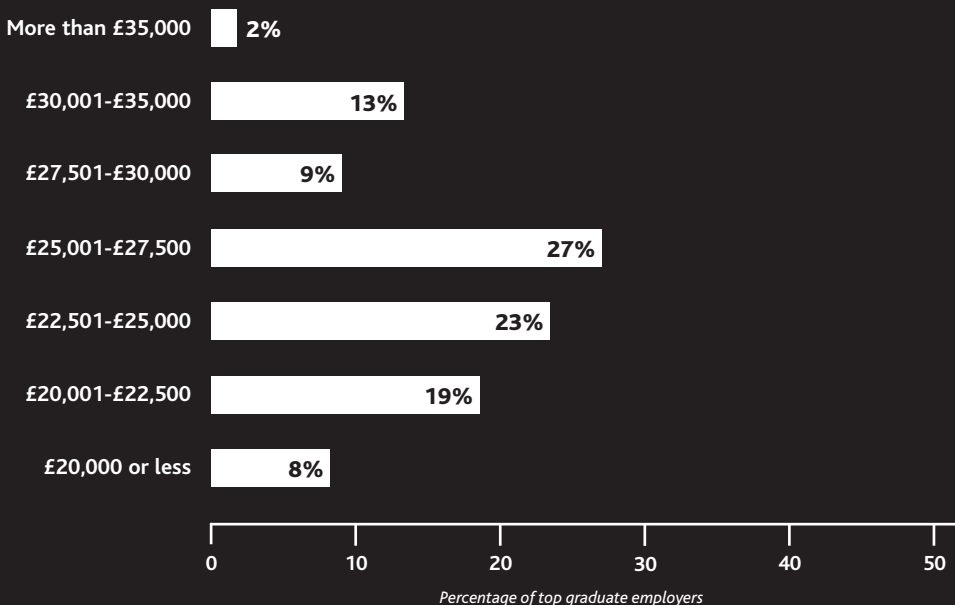
Only one major employer is offering a starting salary of less than £20,000 with half of organisations paying between £22,500 and £27,500 to new recruits. At the top of the market, almost a quarter of graduate programmes now pay at least £27,500. More than ten major employers – mainly in the legal sector – are expecting to pay starting salaries in excess of £30,000 this year. The highest salary publicly promoted for 2007 is £38,000 for the graduate scheme of a well-known food retailer that also provides its new recruits with an Audi A4 car.

By sector, the highest-paying UK employers in 2007 are law firms, consulting firms and oil & energy companies – which each offer average starting salaries of between £28,000 and £31,000 to new graduates. Three other sectors pay salaries above or equal to the national median of £25,500 – chemical & pharmaceutical companies, consumer goods producers, and media organisations. Interestingly, the median starting salary for accounting & professional services firms is £25,000, a little below the national median rate.

It should be noted, however, that none of the investment banks featured within the research are prepared to officially declare their graduate starting salaries. Were they to do so, most are likely to be found in the range £32,000 to £40,000, making the sector easily the highest-paying for new graduates.

The lowest salaries are for those starting work with public sector employers, retailers and engineering or industrial companies – which each offer average starting salaries of between £21,200 and £23,000, up to 17% behind the national median salary.

Chart 3.2 Graduate Starting Salaries at leading UK Employers in 2007



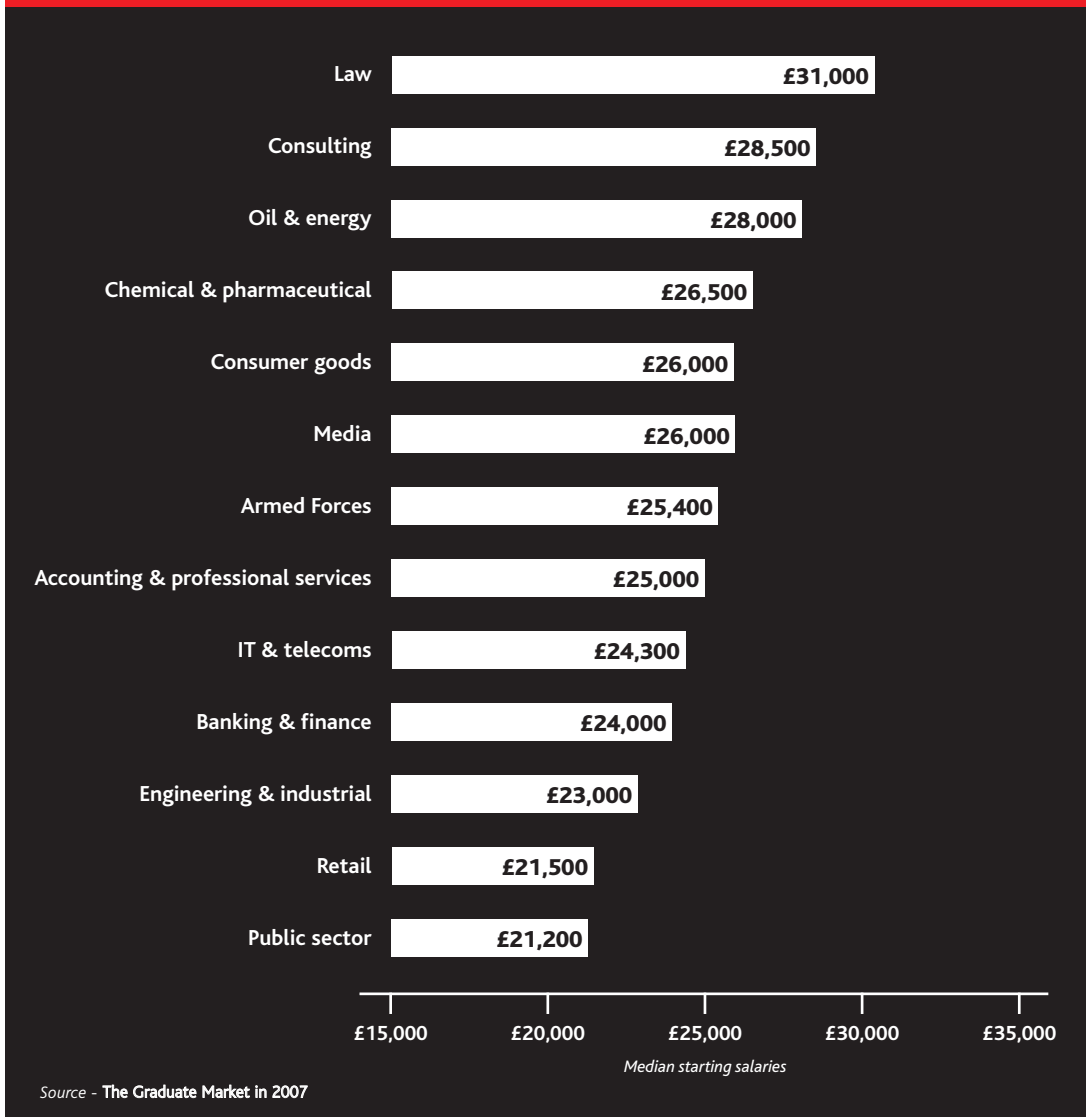
Source - The Graduate Market in 2007

It is worth remembering that starting salaries in some employment sectors may increase before graduates begin in autumn 2007. In particular, the ‘Big Four’ accountancy firms traditionally set their new salary scales during the summer months, just before the new intake start work.

Although none of the data for graduate remuneration in 2007 includes additional incentives such as company cars, pension schemes, subsidised sports facilities or employee share allowances, these extra elements are increasingly popular with new graduates and can add considerably to the appeal of an employer.

For example, a number of City employers pay generous bonuses to some graduates at the end of their first year working at an investment bank or fund manager; up to a quarter of organisations offer some form of relocation or ‘starting-work’ allowance; and for graduates working in sales or marketing, some employers provide a company car after the first 18 months of service.

Chart 3.3 Graduate Salaries at UK Employers in 2007, by Sector or Industry



Changes to Graduate Salaries since 2006

The median graduate starting salary of £25,500 for 2007 is £1,700 more than the £23,800 median rates paid by top UK employers in 2006.

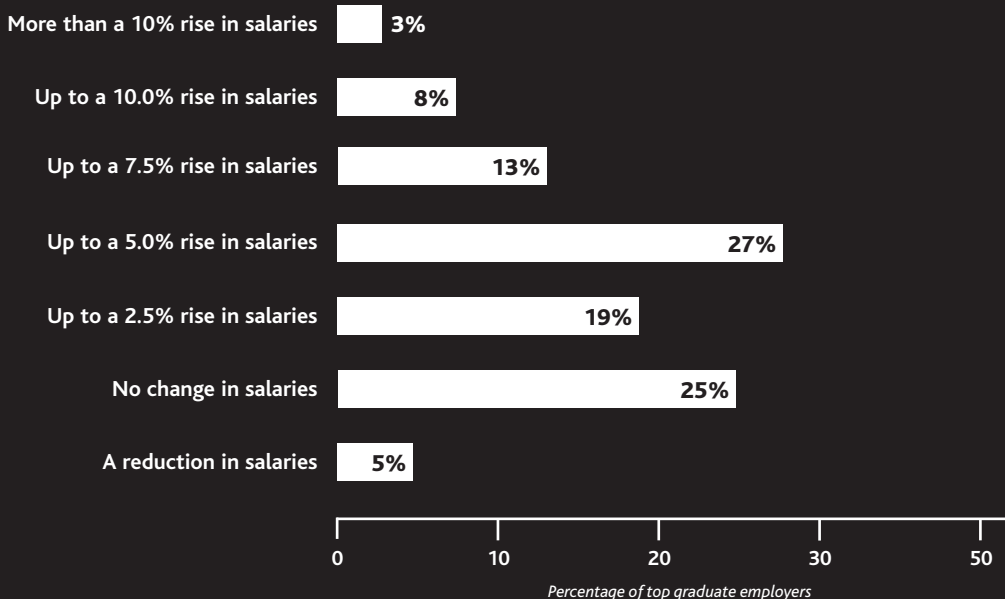
Looking at how salaries at individual organisations have changed, it is apparent that almost all of the employers included in the research have either maintained or increased their starting salaries for 2007. A quarter of employers are not proposing to change their initial graduate salaries, but 70% have implemented some form of rise.

One in ten organisations are planning to pay new recruits around 10% more than in 2006, but the majority anticipate salary rises of between 2.5% and 7.5%. This means that more than two-thirds of the UK’s leading employers are increasing their graduate salaries by more than the cost-of-living.

The overall rise in starting salaries in 2007 is reflected by higher salary levels within eleven different industries and business sectors. The most generous increases are at the Armed Forces, chemical & pharmaceuticals companies and law firms – each of which intended to pay new graduates up to 9.0% more than in 2006. In three other sectors – banking & finance, the media, and oil & energy companies – salaries will increase by around twice the cost-of-living. Lower increases apply at accounting & professional services firms, retailers, and IT & telecoms companies.

The only employers that do not plan to increase salaries significantly in 2007 are public sector organisations – where remuneration is expected to rise by barely 1% year-on-year – and engineering & industrial firms where starting packages are due to increase by just 0.4%. Salaries at management consultants and consumer goods manufacturers remain unchanged from 2006. It is worth remembering that salaries in both of these sectors were already very competitive and will remain so in 2007.

Chart 3.4 Changes to Graduate Salaries at leading UK Employers since 2006

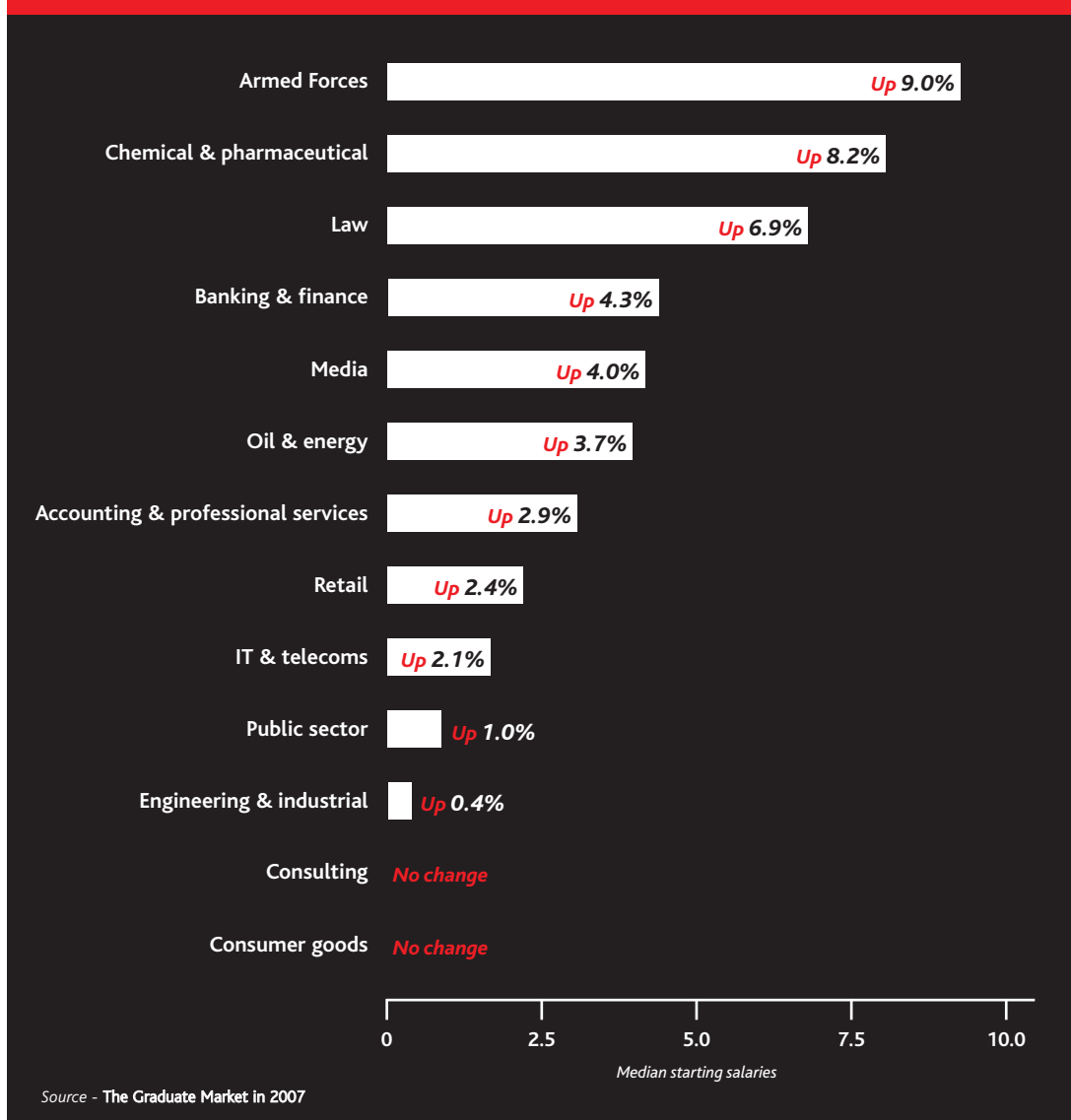


Source - The Graduate Market in 2007

Comparing starting salaries in 2007 with those on offer in previous years, it is evident that pay rates over the last three years increased dramatically in several sectors. Banking & finance employers are now paying almost a fifth more than they did in 2004, chemical & pharmaceutical companies have stepped up their remuneration by a quarter over the same period and IT & telecoms, engineering & industrial companies have all increased their graduate packages by at least 10%.

By comparison, graduate starting salaries in the public sector have risen by just 2.7% over the last three years – well below the increase in the cost-of-living during this period – and average pay in the consulting industry has not changed since at least 2003. The net effect of these changes is that over time the distribution of starting salaries is becoming more even. Five years ago, the salaries paid by top investment banks, management consultants and law firms were up to £10,000 higher than other sectors, a margin which has been significantly eroded during the last three recruitment rounds.

Chart 3.5 Graduate Salaries at UK Employers in 2007, by Sector or Industry



Summary

- **Starting salaries** at the UK's leading graduate employers are due to **rise by 7.1%** in 2007, taking average packages to **£25,500** – a £1,700 increase on average salaries paid to new graduates in 2006. Salaries rose by 3.0% in 2006.
- Almost a quarter of top graduate programmes will now pay new recruits at least **£30,000** when they start work.
- The most generous salaries are those on offer from **law** firms (average of £31,000), **consulting** firms (average of £28,500) and **oil & energy** companies (average of £28,000).
- **Public sector** employers (average of £21,200), **retailers** (average of £21,500) and **engineering & industrial** companies (average of £23,000) have the lower graduate pay rates for 2007.

Chapter 4

Graduate Recruitment in 2006-2007

Promoting Graduate Programmes

The final part of the research examines which universities leading employers target when promoting their graduate programmes. Given the significant increases in graduate vacancies, it is no surprise that many individual universities have seen a marked rise in the number of employers taking part in local careers fairs or holding their own campus presentations during the 2005-2006 and 2006-2007 recruitment rounds. At the most popular universities, it is not unusual for careers services to hold details of up to 3,000 prospective employers and host over 250 individual campus events during the academic year.

The research into the promotions by leading employers in 2006-2007 shows that the majority of organisations have been actively marketing their 2007 graduate vacancies at between ten and twenty UK universities, although several did target a greater number of institutions.

The three universities targeted by the largest number of leading employers during the 2006-2007 recruitment round are Manchester, Cambridge and Nottingham (see *Table 4.1*). Other popular institutions include Warwick, London, Oxford, Bristol and Edinburgh.

It is interesting to compare this list with the rankings from the latest edition of *The Times Good University Guide 2007*. In it, Oxford and Cambridge are ranked in 1st and 2nd place, Loughborough is rated among the top six universities and Aston, York, Leicester and Lancaster each make the top twenty. Conversely, the guide ranks Glasgow and Strathclyde universities in 28th and 40th places respectively, Leeds only appears in 34th place and Manchester is listed in 26th place.

Table 4.1 Universities targeted by the largest number of top UK Employers in 2007

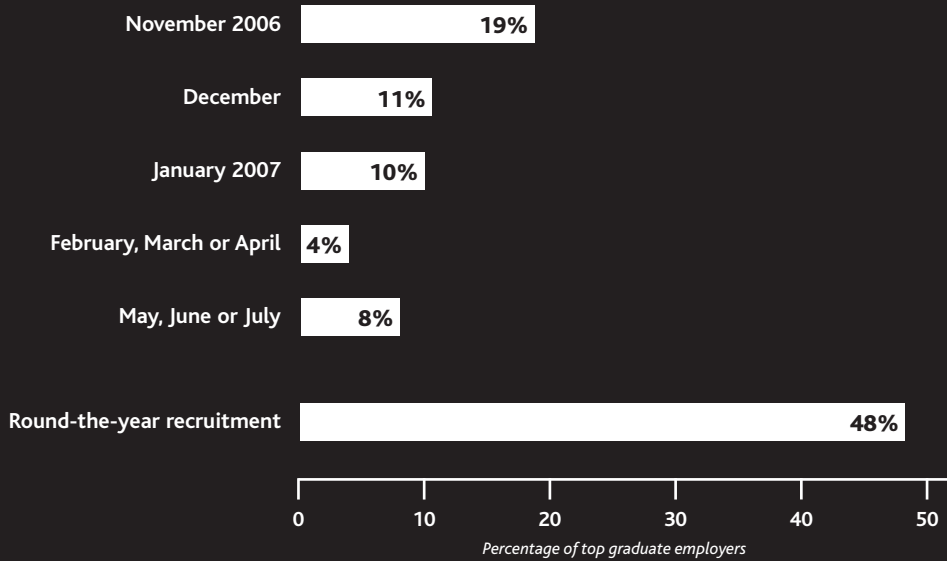
<i>Last Year</i>			<i>Last Year</i>		
1.	1	Manchester	11.	7	Birmingham
2.	3	Cambridge	12.	10	Leeds
3.	4	Nottingham	13.	13	Sheffield
4.	2	Warwick	14.	17	Cardiff
5.	5	London	15.	15	Newcastle
6.	6	Oxford	16.	16	Southampton
7.	8	Bristol	17.	14	Loughborough
8.	12	Edinburgh	18.	19	Glasgow
9.	9	Durham	19.	20	Strathclyde
10.	11	Bath	20.	18	Exeter

Source - The Graduate Market in 2007

Application Deadlines

Looking at the timing of employers' graduate applications for 2007, it is clear that recruiters are now divided between accepting applications round-the-year and operating a fixed deadline (see *Chart 4.2*). For those that do have a specific deadline, the most likely months are November, December or January. Law firms work to a different recruitment timetable and typically require applications from law students by July in the penultimate year at university.

Chart 4.2 Application Deadlines for leading UK Graduate Employers in 2007



Source - The Graduate Market in 2007

Appendix

Summary of Graduate Vacancies & Salaries in 2007

By Industry & Business Sector

Table A Accountancy & Professional Services	Table D Chemical & Pharmaceutical
Graduate vacancies in 2007 4,400	Graduate vacancies in 2007 95
Change in vacancies since 2006 ▲ 11.4%	Change in vacancies since 2006 No change
Percentage of total vacancies for 2007 (ranking out of 14 sectors) (1) 25.7%	Percentage of total vacancies for 2007 (ranking out of 14 sectors) (14) 0.6%
Range of vacancies (median) 200-1,400 (850)	Range of vacancies (median) 25-40 (30)
Median 2007 graduate starting salary (ranking out of 13 sectors) (8) £25,000	Median 2007 graduate starting salary (ranking out of 13 sectors) (4) £26,500
Change in salaries since 2006 ▲ 2.9%	Change in salaries since 2006 ▲ 8.2%
Table B Armed Forces	Table E Consulting
Graduate vacancies in 2007 1,800	Graduate vacancies in 2007 635
Change in vacancies since 2006 No change	Change in vacancies since 2006 ▲ 1.6%
Percentage of total vacancies for 2007 (ranking out of 14 sectors) (3) 10.5%	Percentage of total vacancies for 2007 (ranking out of 14 sectors) (11) 3.7%
Range of vacancies (median) 300-1,000 (600)	Range of vacancies (median) 25-500 (500)
Median 2007 graduate starting salary (ranking out of 13 sectors) (7) £25,400	Median 2007 graduate starting salary (ranking out of 13 sectors) (2) £28,500
Change in salaries since 2006 ▲ 9.0%	Change in salaries since 2006 No change
Table C Banking & Finance	Table F Consumer Goods
Graduate vacancies in 2007 1,070	Graduate vacancies in 2007 235
Change in vacancies since 2006 ▲ 22.4%	Change in vacancies since 2006 ▼ 7.8%
Percentage of total vacancies for 2007 (ranking out of 14 sectors) (6) 6.2%	Percentage of total vacancies for 2007 (ranking out of 14 sectors) (13) 1.4%
Range of vacancies (median) 25-400 (125)	Range of vacancies (median) 20-80 (30)
Median 2007 graduate starting salary (ranking out of 13 sectors) (10) £24,000	Median 2007 graduate starting salary (ranking out of 13 sectors) (5) £26,000
Change in salaries since 2006 ▲ 4.3%	Change in salaries since 2006 No change

Table G Engineering & Industrial

Graduate vacancies in 2007	1,180
Change in vacancies since 2006	▲ 4.0%
Percentage of total vacancies for 2007 (ranking out of 14 sectors)	⁽⁵⁾ 6.9%
Range of vacancies (median)	70-250 (145)
Median 2007 graduate starting salary (ranking out of 13 sectors)	⁽¹¹⁾ £23,000
Change in salaries since 2006	▲ 0.4%

Table K Media

Graduate vacancies in 2007	650
Change in vacancies since 2006	▲ 66.7%
Percentage of total vacancies for 2007 (ranking out of 14 sectors)	⁽¹⁰⁾ 3.8%
Range of vacancies (median)	10-600 (-)
Median 2007 graduate starting salary (ranking out of 13 sectors)	⁽⁵⁾ £26,000
Change in salaries since 2006	▲ 4.0%

Table H Investment Banking

Graduate vacancies in 2007	2,570
Change in vacancies since 2006	▲ 10.3%
Percentage of total vacancies for 2007 (ranking out of 14 sectors)	⁽²⁾ 15.0%
Range of vacancies (median)	95-400 (200)
Median 2007 graduate starting salary (ranking out of 13 sectors)	Not available
Change in salaries since 2006	-

Table L Oil & Energy

Graduate vacancies in 2007	350
Change in vacancies since 2006	▲ 29.6%
Percentage of total vacancies for 2007 (ranking out of 14 sectors)	⁽¹²⁾ 2.0%
Range of vacancies (median)	100-250 (100)
Median 2007 graduate starting salary (ranking out of 13 sectors)	⁽³⁾ £28,000
Change in salaries since 2006	▲ 3.7%

Table I IT & Telecoms

Graduate vacancies in 2007	670
Change in vacancies since 2006	▲ 47.8%
Percentage of total vacancies for 2007 (ranking out of 14 sectors)	⁽⁹⁾ 3.9%
Range of vacancies (median)	25-250 (70)
Median 2007 graduate starting salary (ranking out of 13 sectors)	⁽⁹⁾ £24,300
Change in salaries since 2006	▲ 2.1%

Table M Public Sector

Graduate vacancies in 2007	1,450
Change in vacancies since 2006	▲ 2.8%
Percentage of total vacancies for 2007 (ranking out of 14 sectors)	⁽⁴⁾ 8.4%
Range of vacancies (median)	20-350 (200)
Median 2007 graduate starting salary (ranking out of 13 sectors)	⁽¹³⁾ £21,200
Change in salaries since 2006	▲ 1.0%

Table J Law

Graduate vacancies in 2007	1,010
Change in vacancies since 2006	▲ 1.8%
Percentage of total vacancies for 2007 (ranking out of 14 sectors)	⁽⁷⁾ 6.0%
Range of vacancies (median)	40-130 (90)
Median 2007 graduate starting salary (ranking out of 13 sectors)	⁽¹⁾ £31,000
Change in salaries since 2006	▲ 6.9%

Table O Retail

Graduate vacancies in 2007	910
Change in vacancies since 2006	▲ 3.4%
Percentage of total vacancies for 2007 (ranking out of 14 sectors)	⁽⁸⁾ 5.3%
Range of vacancies (median)	20-250 (95)
Median 2007 graduate starting salary (ranking out of 13 sectors)	⁽¹²⁾ £21,500
Change in salaries since 2006	▲ 2.4%