

# The Graduate Market in 2010

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



Produced by High Fliers Research

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# New to graduate recruitment?

## Get off to a flying start.

For the last fifteen 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 **Tim Wise**, Research Director on **020 7428 9000** or email [tim.wise@highfliers.co.uk](mailto:tim.wise@highfliers.co.uk)*

## Foreword

# Executive Summary

**The Graduate Market in 2010** 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 2009:

- The UK's leading graduate employers have **increased their recruitment targets** for 2010 by **11.8%**, compared with the number of graduates actually recruited in 2009, following two consecutive years of declining job opportunities for university-leavers. Vacancies dropped by 17.8% in 2009 and 6.7% in 2008.
- During the recruitment rounds in 2008 and 2009, the country's top employers planned to hire over **40,000 new graduates** – but almost **10,000 posts were cut or left unfilled**.
- Almost **half** of employers now expect to recruit more graduates in 2010 but a quarter warn that they will be making further cuts to their entry-level recruitment this year.
- The City's top **investment banks** are intending to hire a third more graduates than in 2009, following the halving of recruitment in the sector during the last two years. There will also be substantial increases to the graduate intake at **accountancy & professional services** firms (up 13.9% compared to 2009), **high street banks** (up 30.2%) and **retailers** (up 21.3%).
- Employers in ten of fourteen key industries and employment areas expect to recruit more graduates in 2010. Just three areas are predicting fewer graduate vacancies this year – **consumer goods** companies (down 3.9%), **engineering & industrial** employers (down 2.1%) and the **public sector** (down 4.3%).
- Although the total number of graduate vacancies is set to increase in 2010, over a quarter of this year's entry-level positions **have already been filled** – either by 2009 graduates who received **deferred job offers** or by students who've done previous **work experience** with employers – and therefore are not open to students from the 'Class of 2010'.
- The largest graduate recruiters in 2010 are **PricewaterhouseCoopers** (1,039 vacancies), Deloitte (1,000 vacancies), the Army (735 vacancies), the Teach First scheme (650 vacancies), KPMG (650 vacancies) and the RAF (600 vacancies).
- Britain's leading graduate employers are noticeably **optimistic** about their graduate recruitment in 2011. Two-fifths expect to take on more new recruits next year and a similar number expect to **maintain recruitment at 2010 levels**.
- Only **8% of employers** – including several public sector organisations – believe their recruitment targets **will be cut in 2011**.

- **Starting salaries** at the UK's leading graduate employers in 2010 are expected to remain **unchanged from 2009 levels** – a median of **£27,000**. Salaries rose by 5.9% in 2009 and by 4.1% in 2008.
- A fifth of top graduate programmes will pay new recruits more than **£30,000** when they start work.
- The most generous salaries are those on offer at **investment banks** (average of £38,000), **law firms** (average of £37,400) and **consulting firms** (average of £31,000).
- **Retailers** (average of £24,000), **media firms** (average of £24,000), **engineering & industrial companies** (average of £24,500) and **public sector employers** (average of £25,400) have the lowest graduate pay rates for 2010.
- Nearly **half** of top employers **cut** their graduate recruitment budgets for the 2009-2010 recruitment round and just one in eight organisations have **increased** their spending this year.
- The majority of employers have been actively marketing their 2010 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 top graduate employers in 2009-2010 are **Manchester**, **London** (including Imperial College, University College and the London School of Economics) and **Warwick**.
- Three-quarters of employers said they had received **more completed graduate job applications** during the early part of the recruitment season than they had last year.
- More than two-fifths of applicants were **recent graduates** who had failed to find work after leaving university in 2009 or before.
- Additional research with **1,001 final year university students** shows that job hunters are **even more pessimistic** this year about their career prospects than finalists were in 2009.
- Just **30% of finalists** think that employers will increase their entry-level vacancies this year and more than 60% of student job hunters have **little confidence** that they will find a graduate position after university.
- Two-fifths of finalists admit that they should have begun looking for work **earlier**.
- Half of finalists believe they'll have to take **any job that they're offered**, a quarter say they've been forced to apply to employers that they **aren't really interested in** and many expect to begin work on a **lower salary** than they were hoping for.
- A **significant number of students** have been **put off** applying for jobs in **investment banking, property, retail and accountancy** due to the recession.
- More than a third of finalists say working in the **public sector** is now a **more appealing** prospect.

## Chapter 1

# Introduction

### Researching the Graduate Market

Welcome to **The Graduate Market in 2010** – the annual review of graduate vacancies and starting salaries at Britain’s leading employers.

This report is based on a study of graduate recruitment at the organisations named as *The Times Top 100 Graduate Employers 2009* in a poll of more than 16,000 final year students to find “Which employer offers the best opportunities for graduates?”.



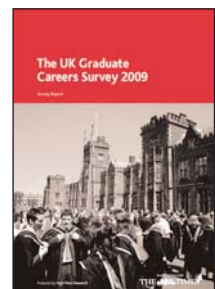
The research, conducted during **December 2009** by **High Fliers Research**, examines the number of graduate vacancies available at the UK’s leading employers in 2010, compared with recruitment levels in 2009. It highlights the differences between employers’ published recruitment targets and the number of graduates actually recruited by their organisations, as well as highlighting recent changes to vacancy patterns in the light of the recession. The research also assesses recruiters’ experiences of the 2009-2010 graduate recruitment round and analyses the starting salaries that top employers are planning to pay new graduates in 2010.

The report also features the findings of exclusive new research with over 1,000 final year student job hunters from universities across the UK who were questioned about their views on the current graduate job market.

### About High Fliers Research

**High Fliers Research** is an independent market research company which specialises in student and graduate research. Established in 1994, the company has now worked with over 120 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 undergraduates at thirty leading universities. 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.

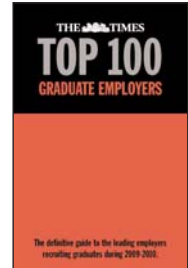


Since 2002, High Fliers Research has also conducted regular surveys of Britain’s top employers to research current graduate vacancy levels, starting salaries and benchmark the latest recruitment practices. Internationally, High Fliers Research works closely with the **Australian Association of Graduate Employers** and the **South African Graduate Recruitment Association** to carry out their annual surveys of graduate employers

## The Times Top 100 Graduate Employers

As part of the campus research for *The UK Graduate Careers Survey 2009*, 16,357 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 900 different organisations during the survey – the one hundred employers with the most student votes form **The Times Top 100 Graduate Employers** for 2009.



It is these employers that are included in the research for *The Graduate Market in 2010* report:

|                                |                                       |                                   |                               |
|--------------------------------|---------------------------------------|-----------------------------------|-------------------------------|
| <i>Accenture</i>               | <i>Citi</i>                           | <i>HSBC</i>                       | <i>Norton Rose</i>            |
| <i>Airbus</i>                  | <i>Civil Service</i>                  | <i>IBM</i>                        | <i>npower</i>                 |
| <i>Aldi</i>                    | <i>Clifford Chance</i>                | <i>Innocent Drinks</i>            | <i>Nuclear Graduates</i>      |
| <i>Allen &amp; Overy</i>       | <i>Corus</i>                          | <i>John Lewis</i>                 | <i>Oxfam</i>                  |
| <i>Apple</i>                   | <i>Credit Suisse</i>                  | <i>J.P. Morgan</i>                | <i>Penguin</i>                |
| <i>Arcadia Group</i>           | <i>Deloitte</i>                       | <i>KPMG</i>                       | <i>Police</i>                 |
| <i>Army</i>                    | <i>Deutsche Bank</i>                  | <i>L'Oréal</i>                    | <i>PricewaterhouseCoopers</i> |
| <i>Arup</i>                    | <i>DLA Piper</i>                      | <i>Lidl</i>                       | <i>Procter &amp; Gamble</i>   |
| <i>Asda</i>                    | <i>Dstl</i>                           | <i>Linklaters</i>                 | <i>QinetiQ</i>                |
| <i>AstraZeneca</i>             | <i>E.ON</i>                           | <i>Lloyds TSB</i>                 | <i>RAF</i>                    |
| <i>Atkins</i>                  | <i>EDF</i>                            | <i>Local Government</i>           | <i>RBS Group</i>              |
| <i>BAE Systems</i>             | <i>Environment Agency</i>             | <i>Lovells</i>                    | <i>Rolls-Royce</i>            |
| <i>Bain &amp; Company</i>      | <i>Ernst &amp; Young</i>              | <i>Marks &amp; Spencer</i>        | <i>Royal Navy</i>             |
| <i>Barclays Bank</i>           | <i>ExxonMobil</i>                     | <i>Mars</i>                       | <i>Sainsbury's</i>            |
| <i>Barclays Capital</i>        | <i>Financial Services Authority</i>   | <i>McDonald's Restaurants</i>     | <i>Shell</i>                  |
| <i>BBC</i>                     | <i>Foreign Office</i>                 | <i>McKinsey &amp; Company</i>     | <i>Siemens</i>                |
| <i>BDO Stoy Hayward</i>        | <i>Freshfields Bruckhaus Deringer</i> | <i>Merrill Lynch</i>              | <i>Sky</i>                    |
| <i>Bloomberg</i>               | <i>GCHQ</i>                           | <i>Metaswitch Networks</i>        | <i>Slaughter &amp; May</i>    |
| <i>Boots Company</i>           | <i>GlaxoSmithKline</i>                | <i>MI5 - The Security Service</i> | <i>Teach First</i>            |
| <i>Boston Consulting Group</i> | <i>Goldman Sachs</i>                  | <i>Microsoft</i>                  | <i>Tesco</i>                  |
| <i>BP</i>                      | <i>Google</i>                         | <i>Ministry of Defence</i>        | <i>The Co-operative Group</i> |
| <i>British Airways</i>         | <i>Grant Thornton</i>                 | <i>Morgan Stanley</i>             | <i>Transport for London</i>   |
| <i>BT</i>                      | <i>HBOS</i>                           | <i>Nestlé</i>                     | <i>UBS</i>                    |
| <i>Cadbury</i>                 | <i>Herbert Smith</i>                  | <i>Network Rail</i>               | <i>Unilever</i>               |
| <i>Cancer Research UK</i>      | <i>HP</i>                             | <i>NHS</i>                        | <i>WPP</i>                    |

## Chapter 2

# Graduate Vacancies

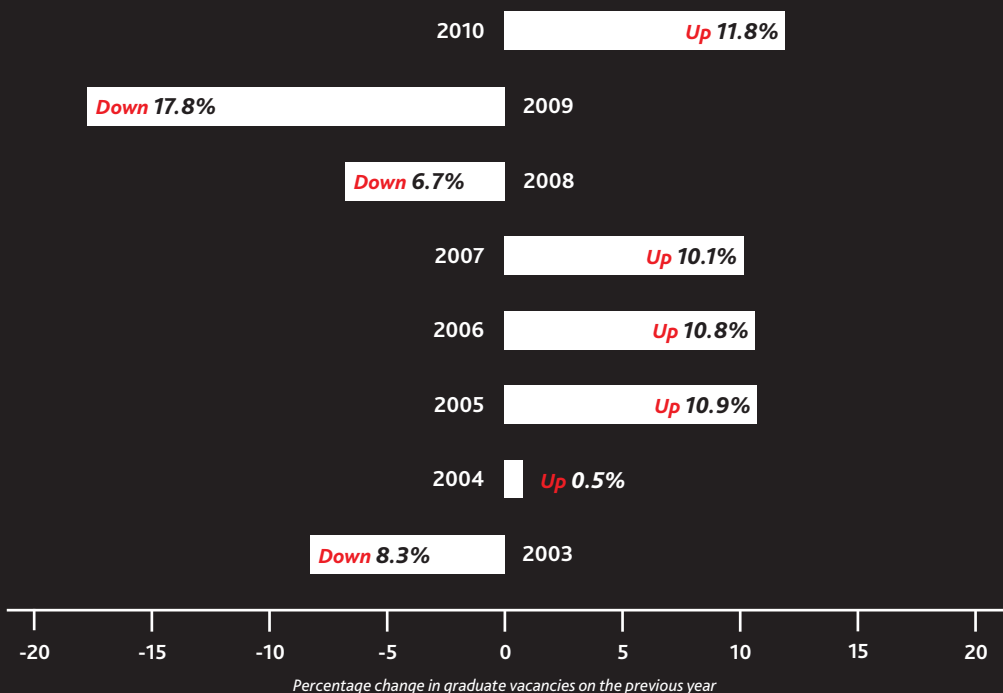
### Job Vacancies for Graduates

The first part of the research examines the number of graduate vacancies available at the UK's leading employers in 2010, compared with recruitment levels in 2009. Graduate vacancies for 2010 are typically positions with an autumn 2010 start date, promoted during the 2009-2010 recruitment season.

Last year, *The Graduate Market in 2009* revealed that many of the graduate vacancies that employers had planned for 2008 did not materialise as the 'credit crunch' gathered place and, as a result, vacancies fell by 6.7% compared with recruitment in 2008. At the start of the 2009 recruiting season in September 2008, employers published recruitment targets which were very similar to the *predicted* graduate vacancies for 2008. But as the economic crisis worsened, recruitment targets were downgraded a number of times and the final number of graduates hired in 2009 was 17.8% lower than in 2008 – a total drop of 23.3% compared with recruitment in 2007.

The prospects for 2010 seem substantially brighter, with employers expecting to hire 11.8% more graduates than in 2009, restoring around half the jobs cut during the recession.

**Chart 2.1 How Job Vacancies for Graduates have Changed between 2003 and 2010**



Source - The Graduate Market in 2010

## Graduate Vacancies in 2009

In September 2008, just a fortnight before the collapse of Lehman Brothers and the ensuing chaos in the global financial markets, the UK’s leading employers published their recruitment targets for 2009. Together, they expected to recruit 19,551 new graduates in the autumn of 2009, a similar number to the original targets for 2008.

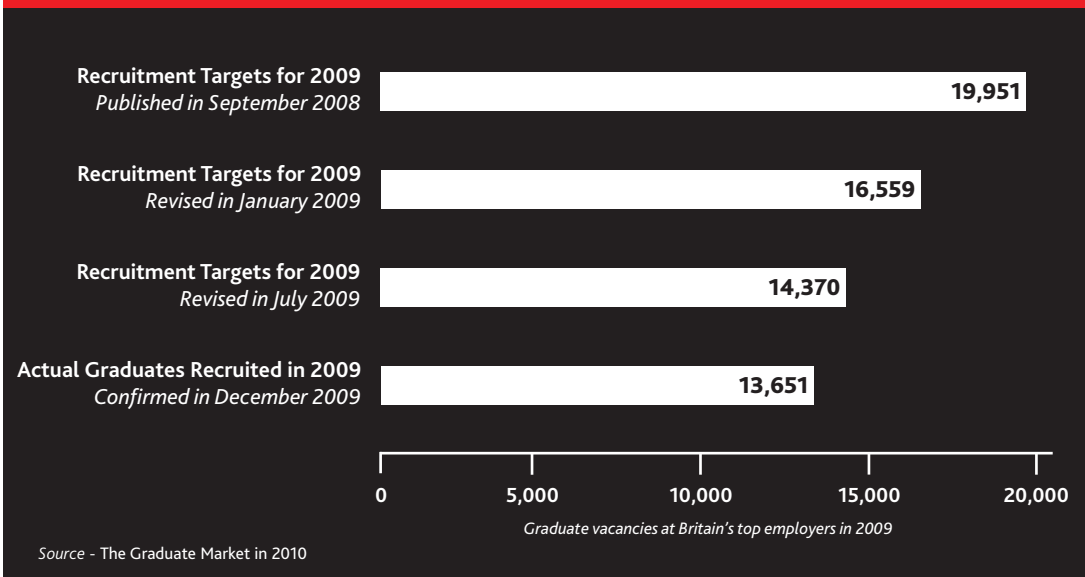
However, in the weeks and months that followed, as the country moved into recession, these recruitment targets were revised downward and many well-known employers scaled-back their graduate programmes. By January 2009, nearly 3,500 graduate posts had been cancelled with cuts impacting almost every major employment area (see *Chart 2.2*). The worst effected were the investment banks, which withdrew more than 1,000 graduate positions in little more than three months.

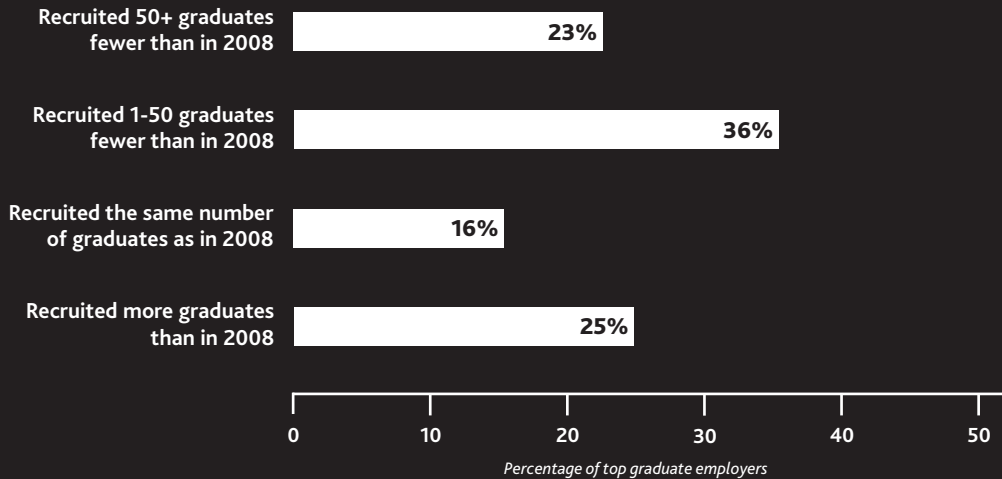
By July 2009, graduate recruitment had been reduced further and together employers expected that no more than 14,370 graduates would begin work with their organisations in the autumn, representing a 13.5% drop on recruitment levels in 2008. Even this proved to be optimistic though, because the final figures for 2009 hires confirmed in December 2009 show that just 13,651 university-leavers started work with the UK’s leading employers last year – some 6,300 fewer graduates than had been predicted at the start of the recruitment season and 17.8% less than had been recruited in 2008.

In all, fifty-nine of the organisations featured in *The Times Top 100 Graduate Employers* reduced their graduate recruitment in 2009 (see *Chart 2.3*) and the considerable cuts were felt in twelve of fourteen key industries and business sectors. The accounting & professional services firms were amongst the hardest hit, taking on over 800 fewer trainees than in 2008 (see *Table 2.4*). Year-on-year recruitment dropped by more than a third at engineering & industrial employers and at the investment banks.

Sixteen employers maintained their recruitment levels in 2009 and a quarter of recruiters managed to increase their recruitment, albeit by modest numbers. The only employment areas which recorded a growth in vacancies were the public sector and retailing.

**Chart 2.2 How Graduate Recruitment Targets Changed during 2009**



**Chart 2.3 How Graduate Vacancies Changed in 2009, compared with 2008**

Source - The Graduate Market in 2009

**Table 2.4 Analysis of Graduate Vacancies in 2009, by Industry or Business Sector**

| Industry or Business Sector        | Recruitment target for 2009, as published in Sept 2008 | Recruitment target for 2009, as revised in Jan 2009 | Recruitment target for 2009, as revised in July 2009 | Actual graduates recruited by Dec 2009 | % change from recruitment in 2008 | Vacancies added (cut), compared with 2008 |
|------------------------------------|--|---|--|--|-----------------------------------|---|
| Accounting & professional services | 4,200  | 3,453   | 3,253  | 2,923                                  | -22.8                             | (864)                                     |
| Armed Forces                       | 1,900  | 2,114   | 2,100  | 1,775                                  | -6.1                              | (115)                                     |
| Banking & finance                  | 1,400  | 1,111   | 868  | 957                                    | -17.8                             | (207)                                     |
| Chemical & pharmaceuticals         | 115  | 104   | 55   | 54                                     | -37.9                             | (33)                                      |
| Consulting                         | 720  | 520   | 520  | 520                                    | -13.0                             | (78)                                      |
| Consumer goods                     | 188  | 206   | 147  | 155                                    | -22.5                             | (45)                                      |
| Engineering & industrial           | 1,605  | 1,341   | 954  | 838                                    | -36.1                             | (473)                                     |
| Investment banking                 | 3,650  | 1,923   | 1,614  | 1,583                                  | -36.4                             | (906)                                     |
| IT & telecommunications            | 720  | 530   | 354  | 302                                    | -43.7                             | (234)                                     |
| Law                                | 1,060  | 1,001   | 944  | 869                                    | -14.8                             | (151)                                     |
| Media                              | 330  | 456   | 316  | 293                                    | -5.8                              | (18)                                      |
| Oil & energy                       | 618  | 520   | 444  | 334                                    | -31.6                             | (154)                                     |
| Public sector                      | 2,093  | 2,233   | 1,893  | 2,137                                  | 16.9                              | 309                                       |
| Retailing                          | 1,122  | 887   | 791  | 773                                    | 2.1                               | 16  |
| <b>ALL SECTORS</b>                 | <b>19,951</b>  | <b>16,559</b>                                       | <b>14,370</b>  | <b>13,651</b>                          | <b>-17.8</b>                      | <b>(2,963)</b>                            |

Source - The Graduate Market in 2010

## Expected Graduate Vacancies in 2010

By comparison with the considerable reductions in graduate recruitment in 2008 and 2009, the prospects for university-leavers seem quite different. There is a new mood of optimism amongst the UK's leading employers and many of the best-known organisations are planning to step up their graduate programmes in 2010.

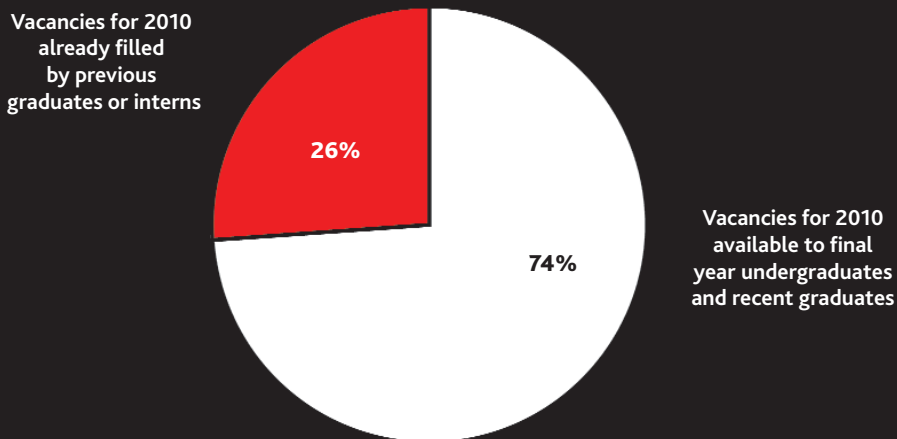
Almost half the employers from *The Times Top 100 Graduate Employers* are expecting to increase their graduate recruitment in 2010, with fourteen organisations confident that they'll be hiring at least fifty additional graduates this year (see *Chart 2.6*). A third of employers expect to recruit similar numbers of graduates to their 2009 intake, but a quarter warn that they are reducing their entry-level vacancies.

This much more positive outlook means that vacancies for graduates are set to increase in at least ten of the main employment areas. The biggest growth recorded so far is at the investment banks, who having halved their recruitment during 2008 and 2009, are planning to expand their hiring by a third in 2010, adding more than 500 roles for new graduates. The accounting & professional services firms intend on increasing their recruitment by almost 14% this year and there are a significant number of extra vacancies planned at the high street banks, the Armed Forces and in retailing.

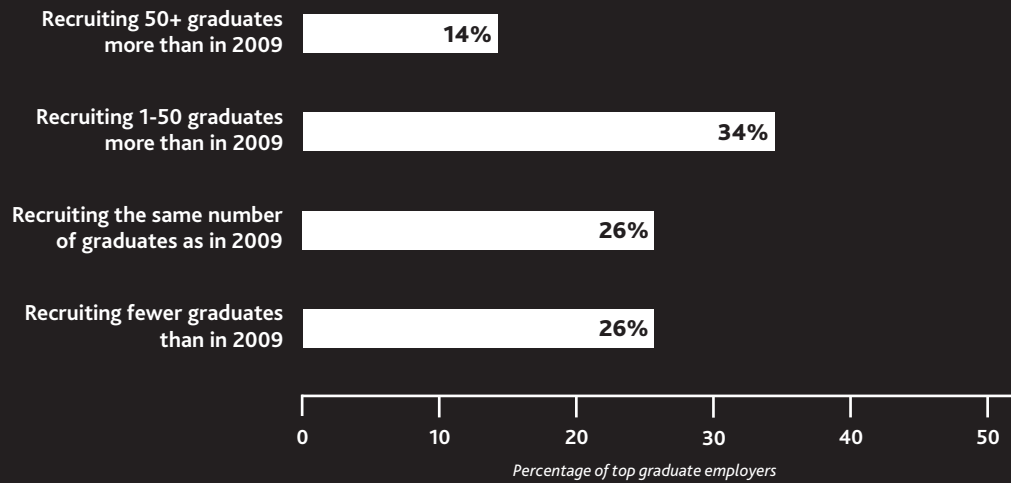
The only employment areas which expect to take on fewer graduates in 2010 are the public sector, engineering & industrial employers and consumer goods manufacturers.

Despite this apparently encouraging news, employers have confirmed that more than a quarter of the vacancies that they are promoting for 2010 have in fact already been filled by graduates from 2009 who received deferred job offers or by undergraduates who had completed internships or other work experience with employers (see *Chart 2.5*). This backlog of last year's graduates means that more than 4,000 positions from this year's entry-level vacancies will not be available for final year students from the 'Class of 2010' currently applying for graduate jobs.

**Chart 2.5 Graduate Vacancies in 2010**



Source - The Graduate Market in 2010

**Chart 2.6** How Graduate Vacancies are Expected to Change in 2010

Source - The Graduate Market in 2010

**Table 2.7** Analysis of Graduate Vacancies in 2010, by Industry or Business Sector

| Industry or Business Sector        | Recruitment target for 2010, as published in Sept 2009 | Recruitment target for 2010, as revised in Dec 2009 | % change from recruitment in 2009 | Vacancies added (cut), compared with 2009 |
|------------------------------------|--|---|-----------------------------------|---|
| Accounting & professional services | 3,500  | 3,444   | 13.9                              | 419                                       |
| Armed Forces                       | 2,000  | 1,835   | 9.6                               | 160                                       |
| Banking & finance                  | 950  | 1,018   | 30.2                              | 236                                       |
| Chemical & pharmaceuticals         | 65   | 55  | 1.9                               | 1   |
| Consulting                         | 405  | 405   | 0                                 | 0   |
| Consumer goods                     | 196  | 174   | -3.9                              | (7)                                       |
| Engineering & industrial           | 1,005  | 801   | -2.1                              | (17)                                      |
| Investment banking                 | 2,100  | 2,172   | 34.2                              | 554                                       |
| IT & telecommunications            | 340  | 409   | 25.8                              | 84  |
| Law                                | 835  | 806   | 1.8                               | 14  |
| Media                              | 310  | 363   | 36.0                              | 96  |
| Oil & energy                       | 487  | 452   | 4.6                               | 20  |
| Public sector                      | 2,356  | 2,406   | -4.3                              | (101)                                     |
| Retailing                          | 1,015  | 968   | 21.3                              | 170                                       |
| <b>ALL SECTORS</b>                 | <b>15,884</b>  | <b>15,446</b>                                       | <b>11.8</b>                       | <b>1,629</b>                              |

Source - The Graduate Market in 2010

## Location & Type of Graduate Vacancies in 2010

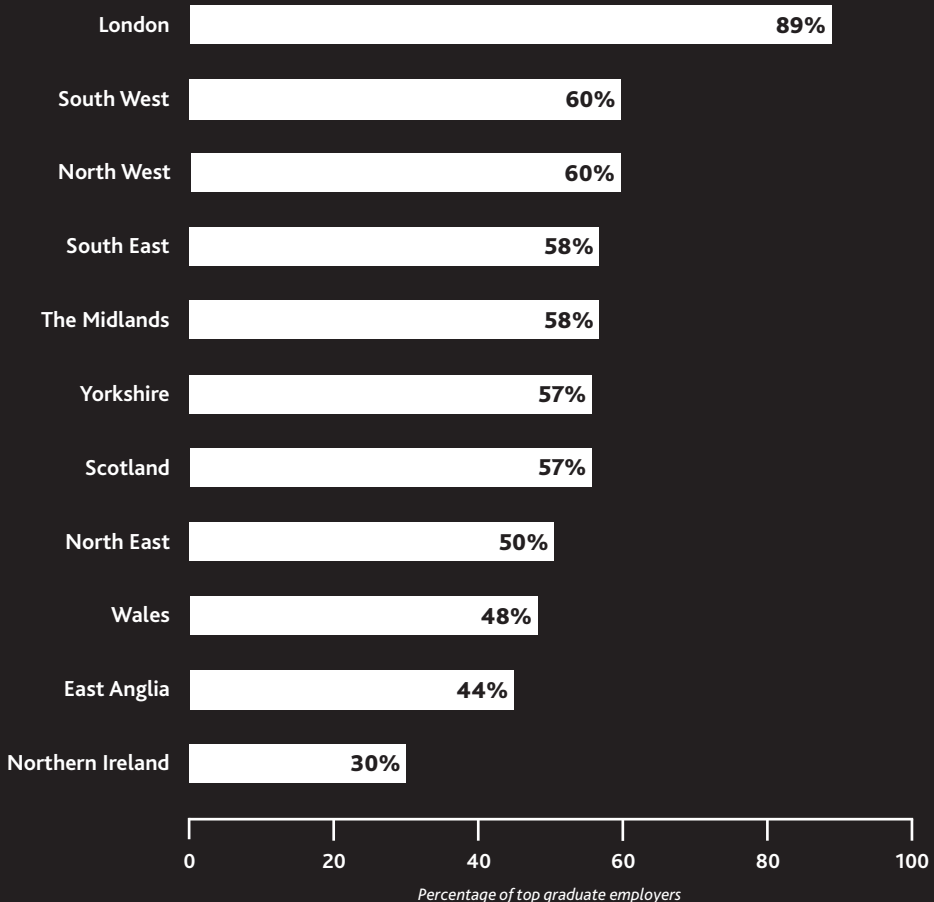
Looking at where within the UK employers expect to employ graduates reveals that almost 90% of organisations are offering vacancies in London for 2010 and more than half plan to hire new recruits for positions in the south east of England (see *Chart 2.8*). Although this doesn't necessarily mean that the majority of graduate vacancies are in or around the M25, it does confirm that almost every major employer does have opportunities within the region.

The south west of and north west of England have the next highest numbers of employers recruiting graduates into the regions, followed by the Midlands, Yorkshire and the north east of England. Of all the English regions, East Anglia is the least likely to yield graduate vacancies – 44% of employers have vacancies there in 2010.

In all, 57% and 48% of employers have jobs on offer in Scotland and Wales respectively and 30% 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 in 2010. The most common requirement is for finance and IT vacancies – more than half of employers offer roles in these areas, irrespective of their organisation's main purpose (see *Chart 2.9*). A third of employers expect to have positions in human

**Chart 2.8 Location of Graduate Vacancies at leading UK Employers in 2010**

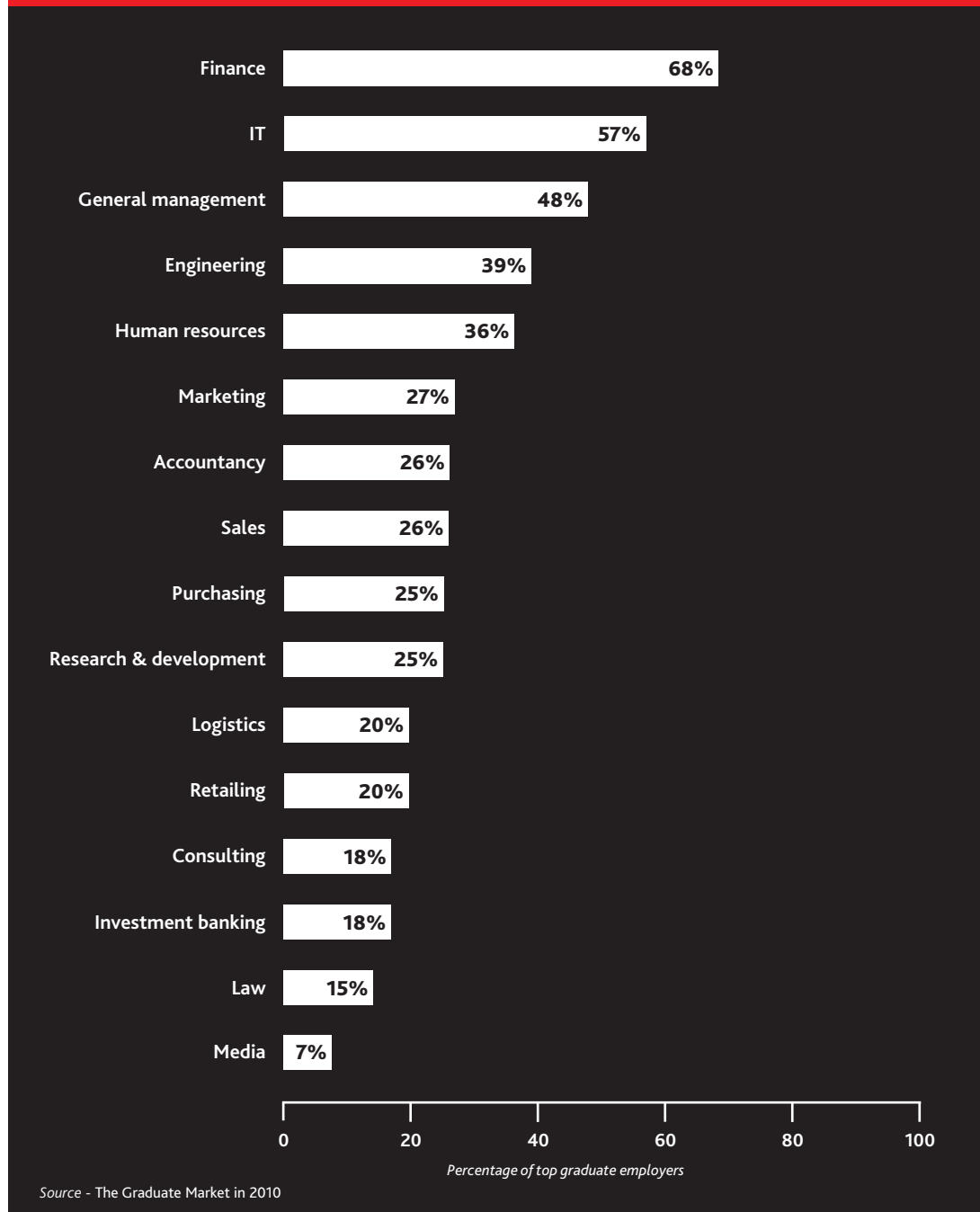


Source - The Graduate Market in 2010

resources, up to two-fifths offer vacancies in engineering, and half are recruiting for general management. Fewer than a fifth of employers are recruiting for consulting or investment banking positions and just 7% 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 2.9 Type of Graduate Vacancies at leading UK Employers in 2010**



## Changes in Graduate Vacancies during the Recession

This research has shown that the number of graduates recruited by the UK's leading employers changed considerably during both the 2008 and 2009 recruitment seasons, so it makes sense to reflect on the profound impact that the recession has had on the graduate job market over the last two years.

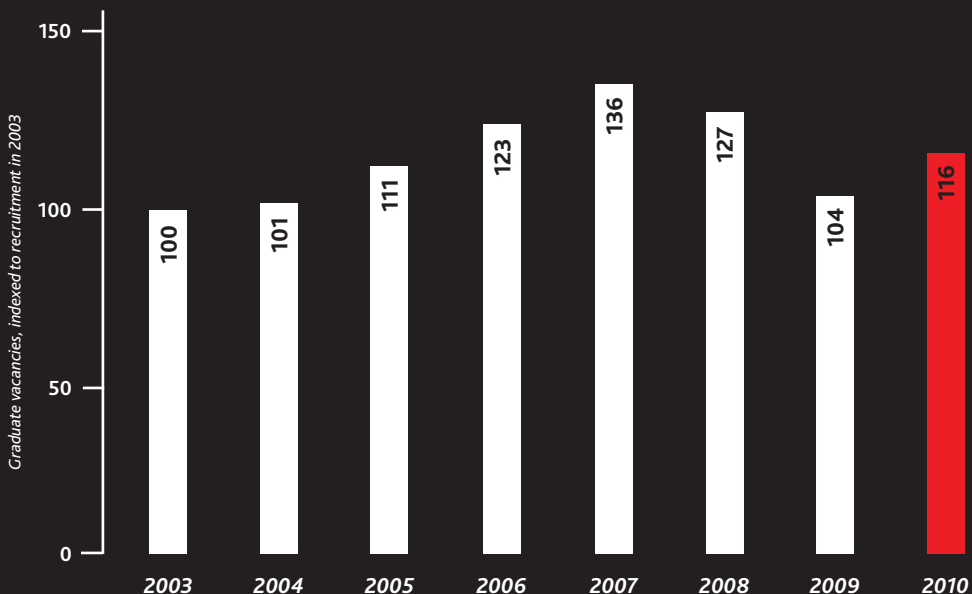
Between 2007 and 2009, vacancies at organisations featured in *The Times Top 100 Graduate Employers* fell by an unprecedented 23.3% and the number of entry-level positions reduced in thirteen of fourteen key industries and business sectors. The most substantial cuts took place at the investment banks, IT & telecoms firms, chemical & pharmaceuticals companies and within the media, where vacancies halved during the course of the two recruitment rounds (see *Chart 2.11*).

There were sharp falls too in recruitment at consumer goods manufacturers, engineering & industrial employers, oil & energy companies and accounting & professional services firms – vacancies dropped by between a quarter and a third in each sector between 2007 and 2009.

Just one employment area – the public sector – managed to increase its graduate recruitment over the period, increasing vacancies by 44.9% from 1,475 places in 2007, to an impressive 2,137 posts at the end of 2009. This growth was partly down to the considerable expansion of the Teach First scheme over this period, as well as significant increases in recruitment at the NHS, the Civil Service Fast Stream and the Government Communications Headquarters (GCHQ).

In all, some fifty-nine employers from *The Times Top 100 Graduate Employers* saw their graduate recruitment decline during the recession. The biggest single cut was an investment bank that reduced its intake by 484 places across 2008 and 2009. Recruitment was unchanged at fourteen employers and actually rose at twenty-seven organisations.

**Chart 2.10 Indexing Graduate Vacancies at the UK's Top Employers 2003 to 2010**



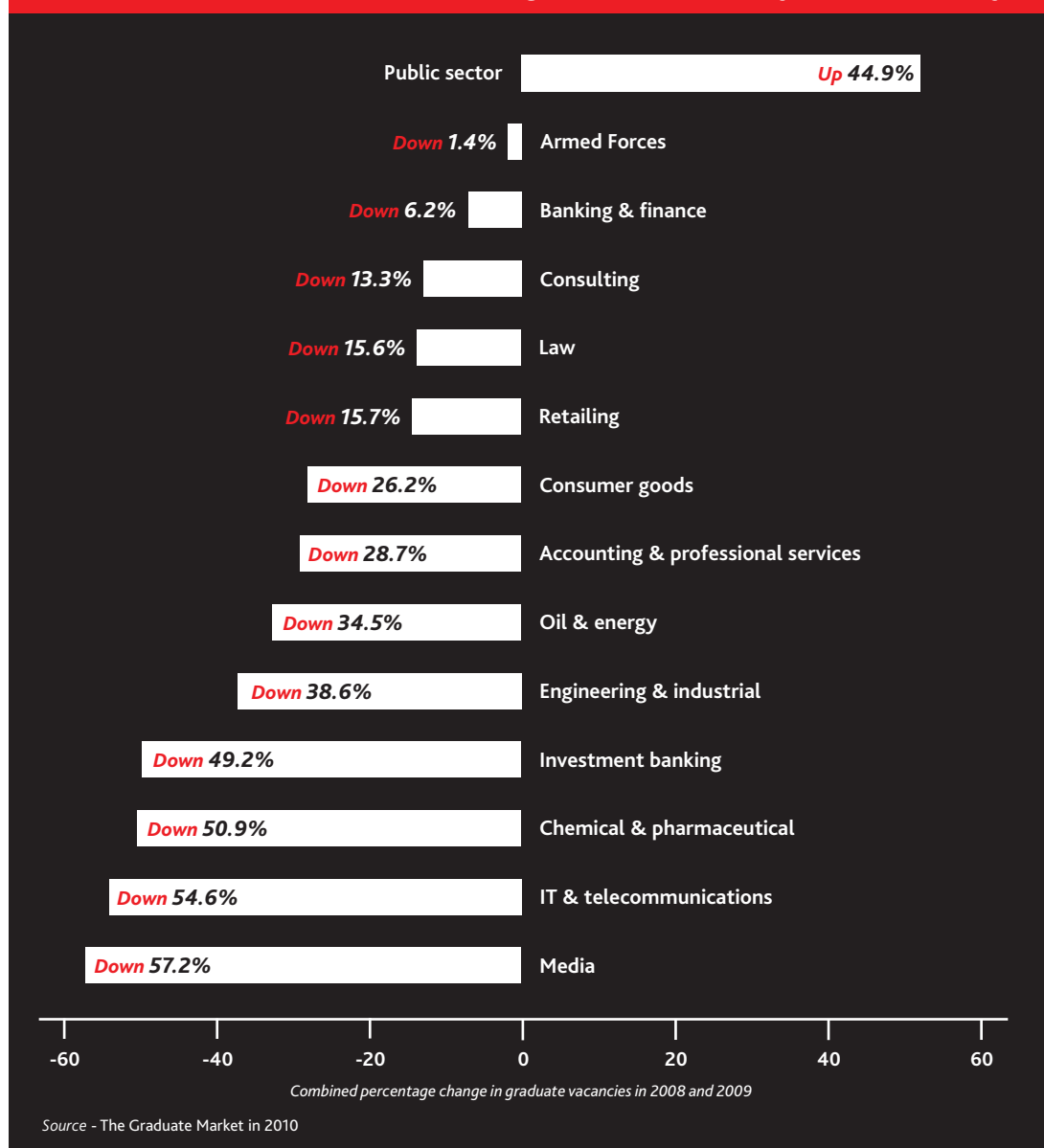
Source - The Graduate Market in 2010

It is interesting to benchmark how graduate vacancies have changed over the last seven years since the end of the last economic downturn in 2003 (see *Chart 2.10*). This indexing of vacancies shows that during the four recruitment seasons between 2004 and 2007, opportunities for graduates grew by more than a third at Britain’s top employers.

But with the onset of recession in 2008, virtually all of this growth was wiped out in just two years, and by 2009 graduate recruitment had returned to a similar level to that recorded in 2004. It is discouraging to note that the expected healthy growth in vacancies for 2010 simply restores recruitment to roughly where it was in 2005.

Over this same five year period there has, of course, been no such decline in the graduating population – an estimated 60,000 additional graduates are expected to leave university in the summer of 2010, compared with the numbers who completed first degrees in 2005.

**Chart 2.11 How Graduate Vacancies Changed in 2008 & 2009, by Sector or Industry**



## Summary

- The UK's leading graduate employers have **increased their recruitment targets** for 2010 by **11.8%**, compared with the number of graduates actually recruited in 2009, following two consecutive years of declining job opportunities for university-leavers. Vacancies dropped by 17.8% in 2009 and 6.7% in 2008.
- During the recruitment rounds in 2008 and 2009, the country's top employers planned to hire over **40,000 new graduates** – but almost **10,000 posts were cut or left unfilled**.
- Almost **half** of employers now expect to recruit more graduates in 2010 but a quarter warn that they will be making further cuts to their entry-level recruitment this year.
- The City's top **investment banks** are intending to hire a third more graduates than in 2009, following the halving of recruitment in the sector during the last two years. There will also be substantial increases to the graduate intake at **accountancy & professional services** firms (up 13.9% compared to 2009), **high street banks** (up 30.2%) and **retailers** (up 21.3%).
- Employers in ten of fourteen key industries and employment areas expect to recruit more graduates in 2010. Just three areas are predicting fewer graduate vacancies this year – **consumer goods** companies (down 3.9%), **engineering & industrial** employers (down 2.1%) and the **public sector** (down 4.3%).
- Although the total number of graduate vacancies is set to increase in 2010, over a quarter of this year's entry-level positions **have already been filled** – either by 2009 graduates who received **deferred job offers** or by students who've done previous **work experience** with employers – and therefore are not open to students from the 'Class of 2010'.
- The largest recruiters of graduates in 2010 will be **PricewaterhouseCoopers** (1,039 vacancies), Deloitte (1,000 vacancies), the Army (735 vacancies), Teach First (650 vacancies), KPMG (650 vacancies) and the RAF (600 vacancies).

## Chapter 3

# Graduate Salaries

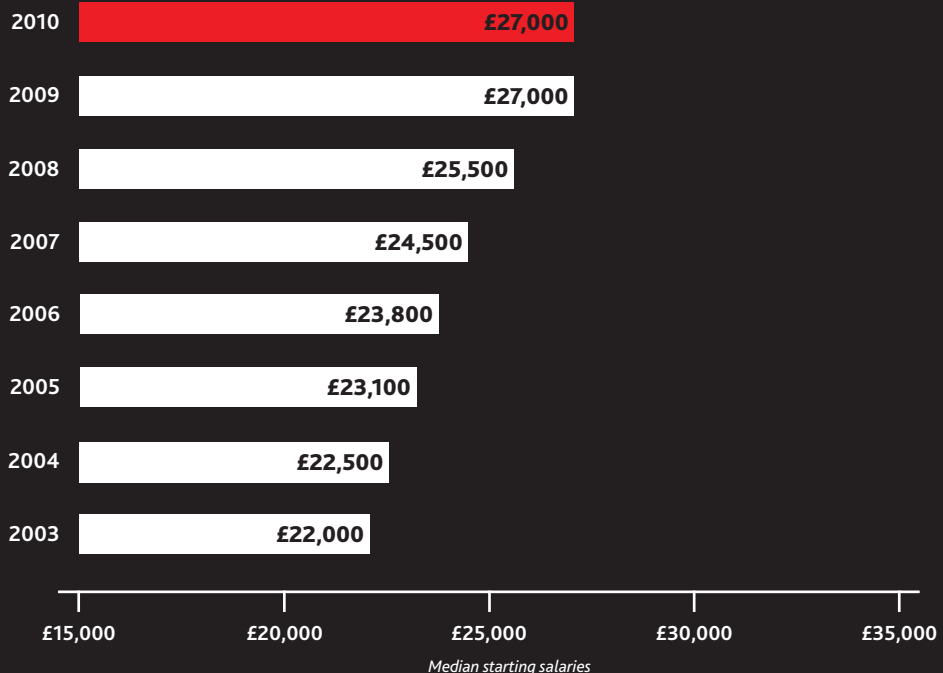
### Starting Salaries for Graduates

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 2010, compared with salaries paid to graduate recruits who joined their organisations in 2009. The salaries quoted are generally the average national salaries that have been promoted by employers during the 2008-2009 and 2009-2010 recruitment rounds. The figures do not include additional benefits such as relocation allowances, regional weighting, subsidised company facilities or bonus schemes.

The number of graduate vacancies at the UK's leading employers may be set to increase in 2010 but the average starting salary for new graduates remains unchanged from 2009 at £27,000 (see *Chart 3.1*); the first time that pay for university-leavers has been frozen.

Between 2004 and 2007, salaries rose by between 2.3% and 3.0% – marginally higher than a cost-of-living rise each year – and by 4.1% in 2008. Despite the substantial cuts in graduate recruitment during 2009, last year's starting salaries actually increased by a higher rate, 5.9% year-on-year.

**Chart 3.1 How Starting Salaries for Graduates have Changed between 2003 and 2010**



Source - The Graduate Market in 2010

## Graduate Salaries in 2010

The research shows that although the UK’s leading employers are again offering a median graduate starting salary of £27,000, the individual salaries on offer does vary considerably from organisation to organisation.

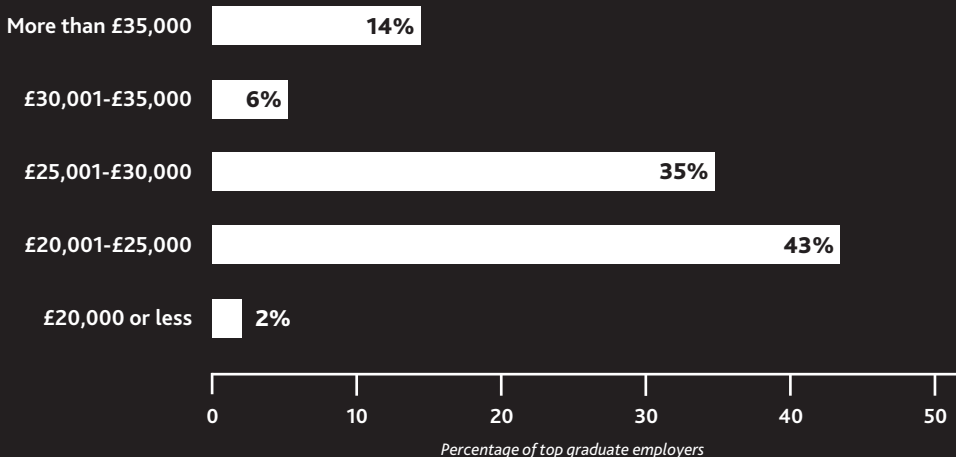
Just two major employers are paying £20,000 or less to their new recruits, with two-fifths of organisations paying between £20,000 and £25,000 (see *Chart 3.2*). At the upper end of the market, a fifth of graduate programmes now pay more than £30,000 and one in six employers – largely from the legal and investment banking sectors – are intending to pay starting salaries in excess of £35,000 this year. The highest salary publicly promoted for 2010 is £40,000 for the graduate development programme at Aldi, a scheme which also provides its new recruits with an Audi A4 car.

Within individual industries and employment areas, the highest-paying UK employers in 2010 are the investment banks and law firms (see *Chart 3.3*). Whilst it should be noted that none of the investment banks featured within the research are prepared to officially declare their graduate starting salaries, most are thought to be offering basic pay of between £32,000 and £45,000 to graduates this year. Given the renewed recruitment within the banking sector, several of the leading banks are believed to have increased their starting salaries substantially since September 2009. The median salary for graduates joining the legal sector remains £37,400.

One other sector, consulting, is offering salaries in excess of £30,000 and banking & finance employers, IT & telecoms firms, the Armed Forces and consumer goods companies are set to pay salaries above the national median of £27,000. Interestingly, the median starting salary for accounting & professional services firms remains a little below this level, at £26,000 for 2010.

The lowest salaries are for those starting work with retailers, media firms, engineering & industrial companies and public sector employers, which each offer average starting salaries of £25,000 or less. This is the fourth consecutive year that these employment areas have appeared at the bottom of the graduate pay chart.

**Chart 3.2 Graduate Starting Salaries at leading UK Employers in 2010**

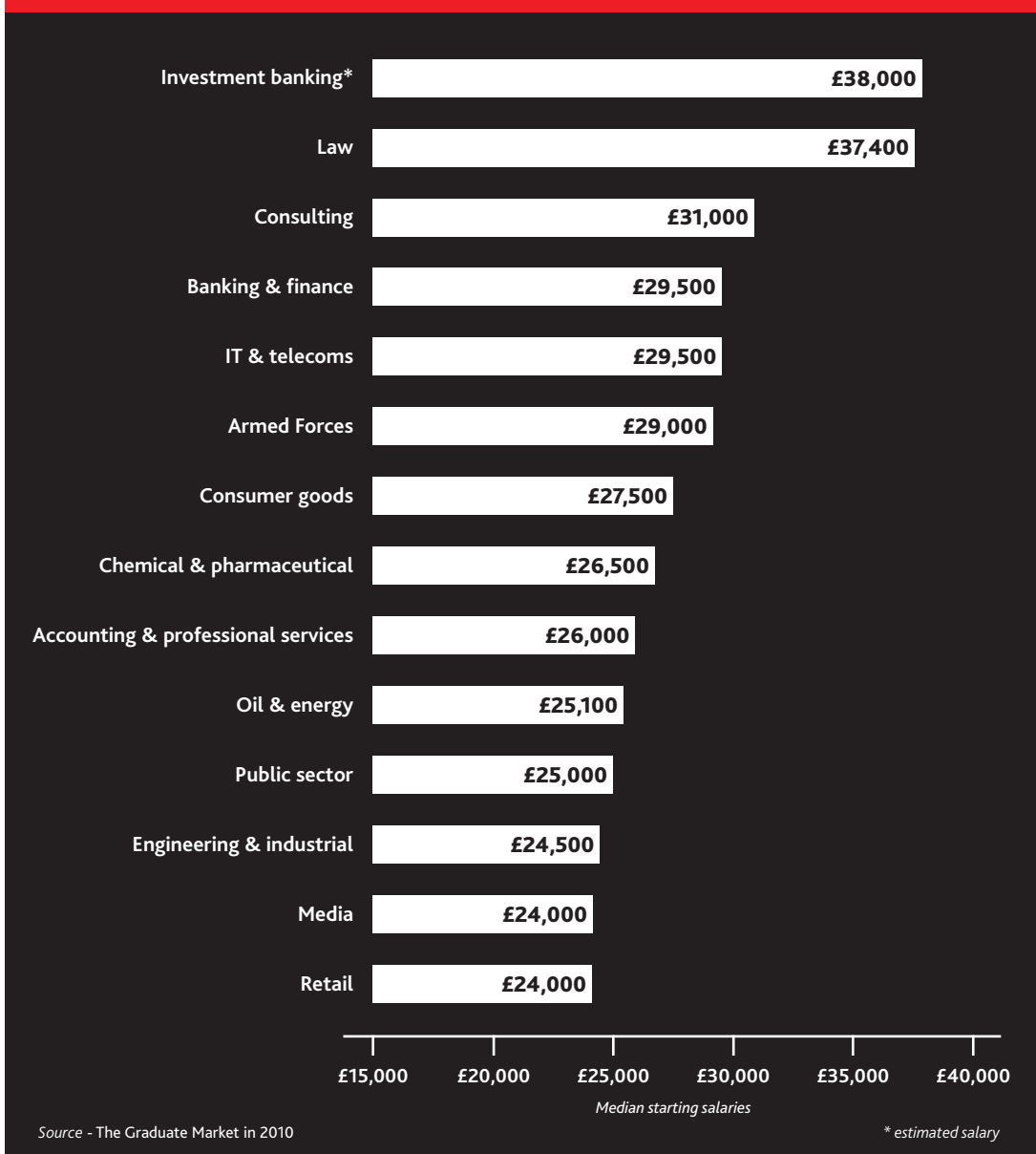


Source - The Graduate Market in 2010

Starting salaries in some employment areas may yet increase before graduates begin work in autumn 2010. For example, the increased competition for high-quality candidates to work in the City may encourage more of the top investment banks to raise their packages. And traditionally, the ‘Big Four’ accountancy & professional services firms don’t finalise their starting salaries until the summer months, so pay for new graduates may be revised there too.

None of the data for graduate remuneration in 2010 includes additional incentives such as relocation allowances, starting work bonuses, season ticket loans, company cars, pension schemes, performance-related bonuses, subsidised sports facilities or employee share allowances, but these extra elements are often very popular with new graduates and can add considerably to the appeal of an employer.

**Chart 3.3 Graduate Salaries at UK Employers in 2010, by Sector or Industry**



## Changes to Graduate Salaries since 2009

Examining how graduate starting salaries for 2010 at individual organisations compare with 2009, it is evident that the majority of employers included in the research have opted to leave their starting salaries unchanged this year. More than three-quarters of recruiters have left their pay at 2009 rates (see *Chart 3.4*).

A fifth of organisations are planning to increase salaries for new recruits compared with 2009 levels, most by between 2.5% and 5.0%. This is well above the increase in the cost-of-living over the last 18 months (estimated to be around 1% in the summer of 2009). Two well-known employers have reduced their starting salaries for 2010, albeit by a nominal amount in each case.

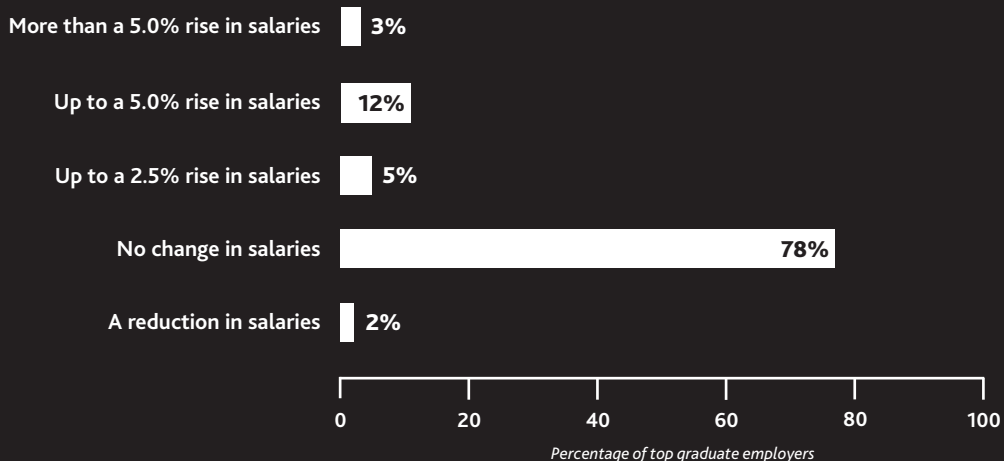
Within different industries and business sectors, many starting salaries remain the same for 2010 as they were in 2009 (see *Chart 3.5*). Indeed, in eight of the fourteen employment areas featured within the research – including accountancy & professional services firms, media companies, consumer goods manufacturers, retailers and law firms – there is no change to the median salary.

The most generous increases are at IT & telecoms companies, banking & finance employers and those in the public sector – each of which intends paying new graduates at least 4% more than in 2009. Modest salary increases are also expected in the oil & energy sector, engineering & industrial employers and within the Armed Forces, where pay is expected to rise 1% this year.

Comparing starting salaries in 2010 with those on offer in previous years, it is apparent that pay rates over the last four years have increased dramatically in several employment areas. Law and public sector employers are now paying almost a fifth more than they did in 2007, whilst banking & finance firms and the Armed Forces have stepped up their graduate remuneration by a sixth over the same period.

Management consulting firms and IT & telecoms companies have increased their graduate packages by around 8% since the 2007 recruitment round.

**Chart 3.4 Changes to Graduate Salaries at leading UK Employers since 2009**

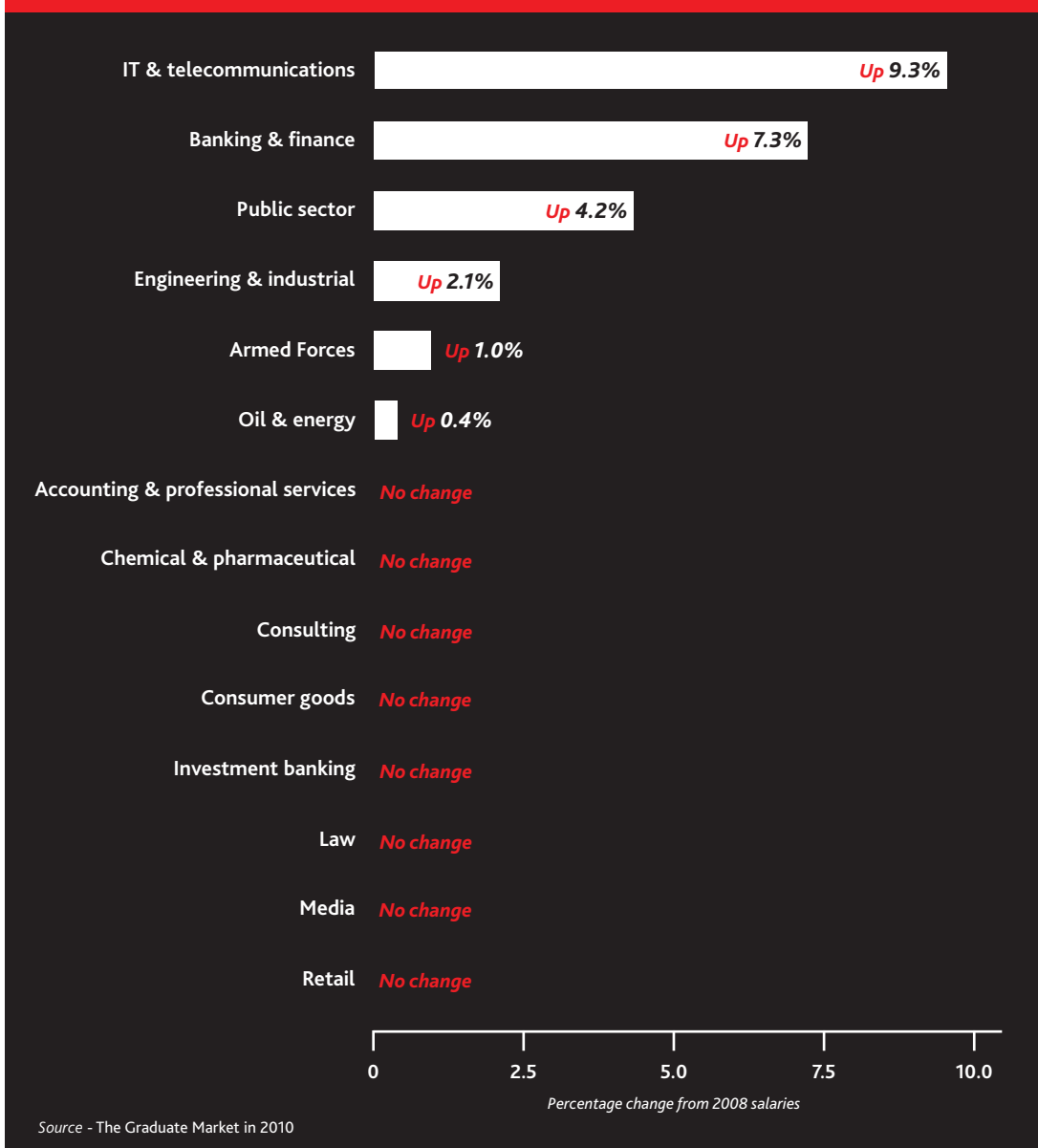


Source - The Graduate Market in 2010

However, graduate starting salaries at accounting & professional services firms, the major retailers and engineering & industrial companies have risen by little more than 4% over the last four years – below the increase in the cost-of-living during this period – and average pay at media and chemical & pharmaceuticals companies is virtually unchanged from 2006 rates.

The overall effect of these changes is that over time the distribution of starting salaries is becoming a little more even. Six 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 eroded somewhat during the last three recruitment rounds. Despite this, the very top starting salaries on offer to graduates in 2010 are still double the lowest paying packages.

**Chart 3.5 Changes to Graduate Salaries since 2009, by Sector or Industry**



## Summary

- **Starting salaries** at the UK's leading graduate employers in 2010 are expected to remain **unchanged from 2009 levels** – a median of **£27,000**. Salaries rose by 5.9% in 2009 and by 4.1% in 2008.
- A fifth of top graduate programmes will pay new recruits more than **£30,000** when they start work.
- The most generous salaries are those on offer from **investment banks** (average of £38,000), **law firms** (average of £37,400) and **consulting firms** (average of £31,000).
- **Retailers** (average of £24,000), **media firms** (average of £24,000), **engineering & industrial companies** (average of £24,500) and **public sector employers** (average of £25,400) have the lowest graduate pay rates for 2010.

## Chapter 4

# Graduate Recruitment in 2009-2010

### Promoting Graduate Programmes

The next part of the research examines leading employers' views on and experiences of the 2009-2010 graduate recruitment round – from students' reactions to their on-campus promotions and the universities they targeted during their graduate recruitment, to the volume and type of job applications received.

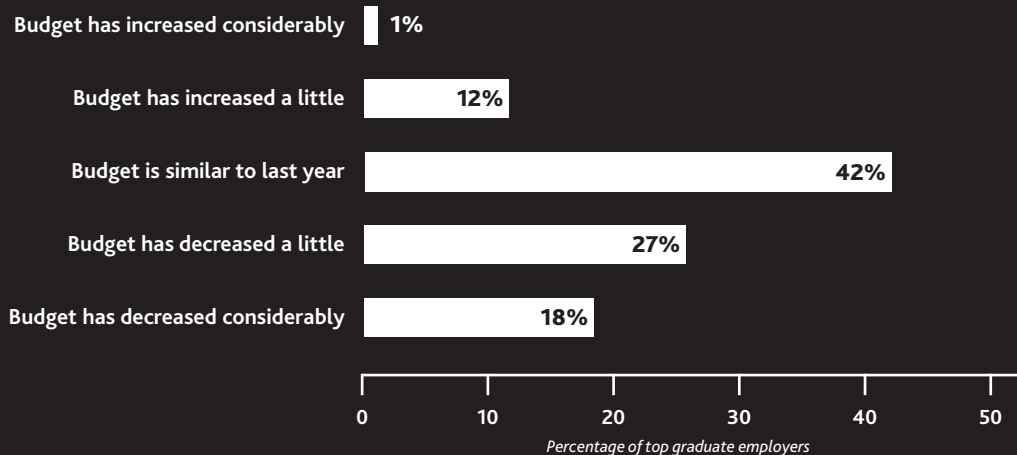
It is clear that the recession has had a significant impact on the resources available to graduate recruiters. Nearly half the UK's leading employers reported that their recruitment budgets had been cut in 2009-2010 compared with the previous season, and 18 per cent of recruiters described the decrease as 'considerable' (see *Chart 4.1*).

Interestingly, many of the organisations which have reduced their recruitment spending this year have actually increased their graduate vacancy targets. Employers who have seen the biggest cuts in spending include several public sector recruiters, a number of IT & telecoms employers, a leading law firm and two major engineering & industrial companies.

Recruiters faced with smaller budgets in 2009-2010 have made a variety of changes to their marketing strategies – some have cancelled or reprinted their graduate recruitment brochures rather than commission new editions, others have reduced their advertising and online promotions, and many have opted to reduce the free gifts given away at careers fairs or other campus events.

Two-fifths of organisations have managed to maintain their graduate recruitment budgets this year but just thirteen employers have increased their spending.

**Chart 4.1 Employers' Graduate Recruitment Budgets for 2009-10**



Source - The Graduate Market in 2010

## Employers' On-Campus Recruitment Promotions

The top five universities targeted by the largest number of leading employers during the 2009-2010 recruitment round are Manchester, London (which includes Imperial College, the London School of Economics and the University of London), Warwick, Cambridge and Oxford (see *Table 4.2*). These universities have each attracted the largest number of top employers for campus careers fairs, local presentations or other university recruitment promotions. Other popular institutions with employers include Nottingham, Bath, Bristol, Leeds and Birmingham.

It is interesting to compare this list with the rankings from the latest edition of *The Times Good University Guide 2010*, the league table of leading universities compiled from data including entry standards, teaching performance, academic research, student funding and graduates' career prospects. In it, Oxford and Cambridge are ranked in 1st and 2nd place with Imperial College, University College London and the London School of Economics in 3rd, 5th and 7th places respectively. Manchester – the top choice for employers for the last three years – fails to make the top twenty and is ranked in 24th place. However, neither St Andrews or Exeter – which are ranked fourth and ninth respectively in *The Times Good University Guide 2010* – appear within the top twenty universities most-targeted by the UK's leading employers.

Feedback from employers suggests that whilst many recruiters have been forced to make cuts to their graduate recruitment campaigns in 2009 and 2010, many have maintained their focus on campus targeting and have continued to invest in local university events. For some organisations, the style and content of these events has changed and there is some evidence that recruiters may be switching away from conventional 'set piece' corporate presentations in favour of more interactive training sessions, business games or networking events.

The emphasis of these events remains on providing face-to-face contact between recent graduates, recruiters and student job hunters, but without much of the standard promotional information which student job hunters are likely to have researched elsewhere. Skills training events – helping students improve their performance during the recruitment process – have been particularly successful for a number of recruiters this year.

**Table 4.2 Universities Targeted by the Largest Number of Top Employers in 2009-2010**

| Last Year |    |            | Last Year |    |              |
|-----------|----|------------|-----------|----|--------------|
| 1.        | 1  | Manchester | 11.       | 7  | Durham       |
| 2.        | 2  | London     | 12.       | 13 | Sheffield    |
| 3.        | 3  | Warwick    | 13.       | 14 | Loughborough |
| 4.        | 4  | Cambridge  | 14.       | 12 | Edinburgh    |
| 5.        | 5  | Oxford     | 15.       | 15 | Southampton  |
| 6.        | 8  | Nottingham | 16.       | 18 | Newcastle    |
| 7.        | 9  | Bath       | 17.       | 16 | Cardiff      |
| 8.        | 6  | Bristol    | 18.       | 19 | York         |
| 9.        | 10 | Leeds      | 19.       | -  | Liverpool    |
| 10.       | 11 | Birmingham | 20.       | -  | Lancaster    |

Source - The Graduate Market in 2010

## Graduate Applications Received in 2009-2010

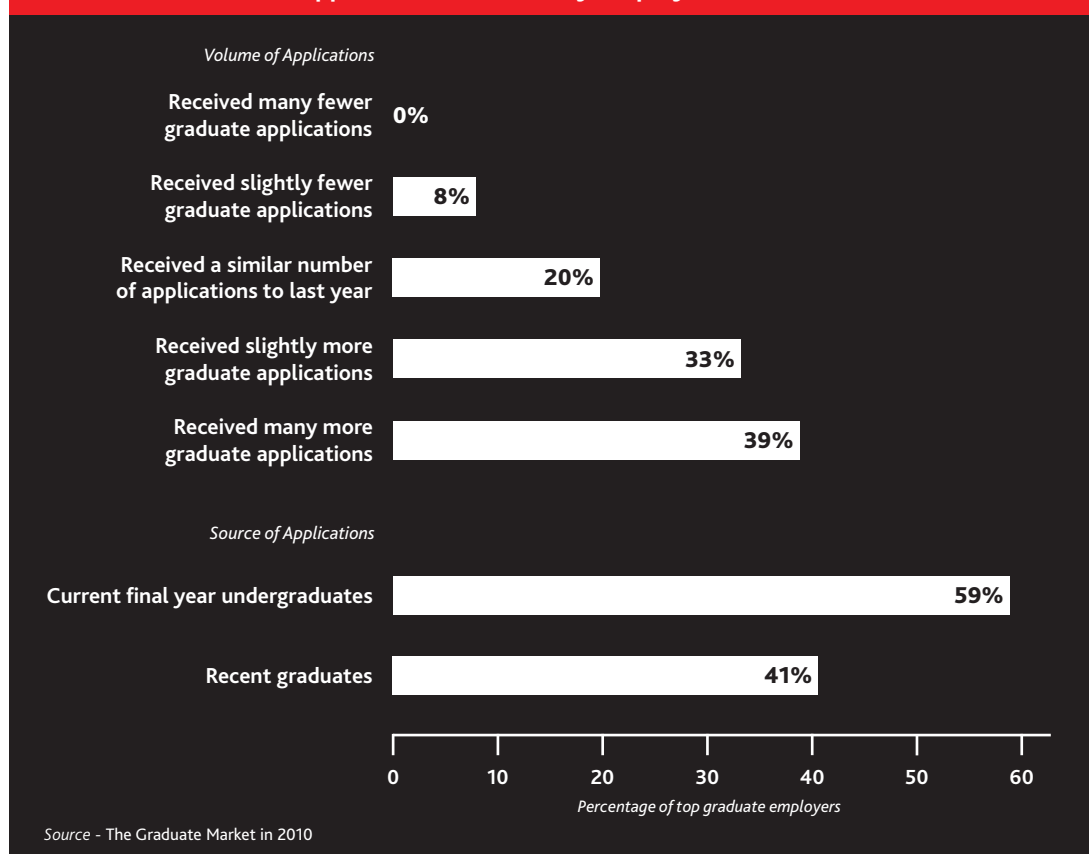
It is clear from the research that the majority of graduate employers have seen a substantial increase in the number of graduate job applications in the early part of the 2009-2010 recruitment round, compared with the same period a year ago.

Almost three-quarters of organisations reported greater application numbers and two-fifths of recruiters said they had received ‘many more’ applications than last year (see *Chart 4.3*). Several of the leading investment banks were amongst the employers who have seen the largest increases in applications so far during the recruitment season. Five of the six accounting & professional services firms confirmed higher applications levels, as did a number of retailers, engineering & industrial companies, consumer goods manufacturers and oil & energy companies. Some recruiters commented that whilst the volume of applications had increased, the quality of candidates had not improved.

There appears to be no particular pattern to the employers who have received fewer applications this year – they include one of the ‘Big Four’ accounting & professional services firms, a high street bank and three industrial employers.

Employers were also asked what proportion of the applications they’ve received during the 2009-2010 recruitment season are from recent graduates, rather than final year student job hunters. The results show that more than two-fifths of applications made between September and December are from graduates who left university in 2009 or earlier and had yet to find a graduate position.

**Chart 4.3 Graduate Applications Received by Employers in 2009-2010**



## Summary

- Nearly **half** of top employers **cut** their graduate recruitment budgets for the 2009-2010 recruitment round and just one in eight organisations have **increased** their spending this year.
- The majority of employers have been actively marketing their 2010 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 top graduate employers in 2009-2010 are **Manchester**, **London** (including Imperial College, University College and the London School of Economics) and **Warwick**.
- Three-quarters of employers said they had received **more completed graduate job applications** during the early part of the recruitment season than they had last year.
- More than two-fifths of applicants were **recent graduates** who had failed to find work after leaving university in 2009 or before.

## Chapter 5

# The Class of 2010

### Students' Views on the Economic Crisis

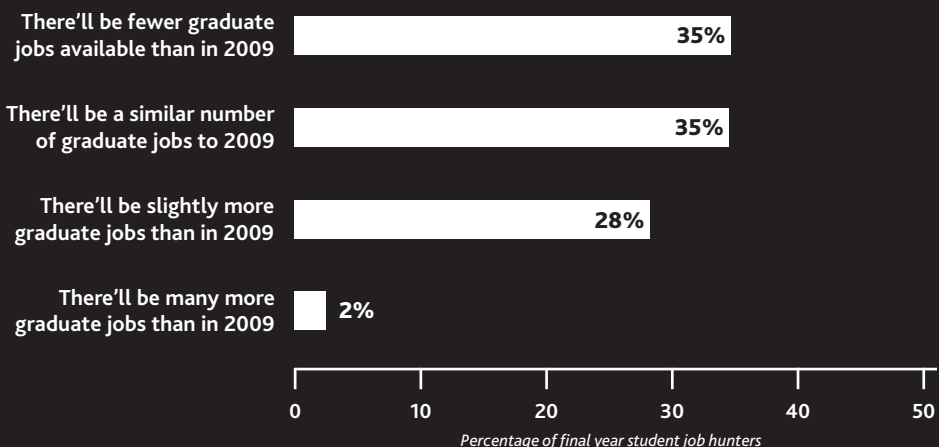
To evaluate university students' reaction to the recession and their views on this year's graduate job market, High Fliers Research conducted research with **1,001 final year students** from 30 leading universities during December 2009. All participants had been actively seeking a graduate job during the autumn of 2009 and took part in a short online questionnaire.

The results of the research show that few student job hunters are confident that the prospects for graduates will improve in 2010 (see *Chart 5.1*). More than a third of finalists were concerned that graduate vacancies would be cut further this year, whilst a further third thought that recruitment levels were likely to be similar to 2009. Only 28 per cent of final year students felt that the job market would improve a little for the 'Class of 2010' and just two per cent were convinced there would be 'many more graduate jobs than in 2009'.

This pessimistic outlook is at odds with the increased recruitment that many leading employers are planning for 2010, but it is clear that many of this year's finalists are still being influenced by the considerable number of last year's graduates who have yet to find work after leaving university. Estimates of the number of graduates from the 'Class of 2009' who remain unemployed six months after graduation vary considerably, but figures from the Office of National Statistics suggest that in November 2009 more than 100,000 graduates under the age of 25 were out of work.

It is understandable, therefore, that this year's final year students remain sceptical as to whether the job market will really improve during 2010.

**Chart 5.1 Finalists Views on the Graduate Job Market in 2010**



Source - The Graduate Market in 2010

## Finalists' Job Hunting during 2009-2010

Almost three-fifths of final year students looking for a graduate job in 2010 said that they weren't confident of finding a suitable position before they left university and fewer than one in twelve job hunters classed themselves as 'very confident' about their employment prospects (see *Chart 5.2*). It is worth noting that this is an even more gloomy assessment than student job hunters made twelve months ago, when half of finalists from the 'Class of 2009' said they weren't confident about landing a graduate position.

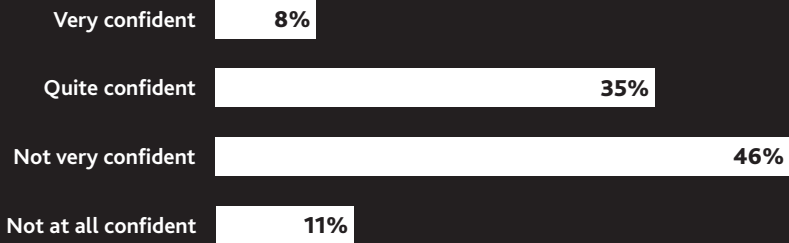
Similarly, there is widespread concern amongst student job hunters about their general career prospects after university. A third of finalists describe themselves as 'very concerned' and half are 'quite concerned' that graduating in a recession may have long-term implications for their careers.

More than half of this year's finalists say that they have had to change their plans for after university because of the economic climate (see *Chart 5.3*). A fifth of students had been hoping to take time off or embark on further study but are now looking for a graduate job instead. But at least a third of finalists are hoping to do postgraduate course, rather than compete in this year's job market.

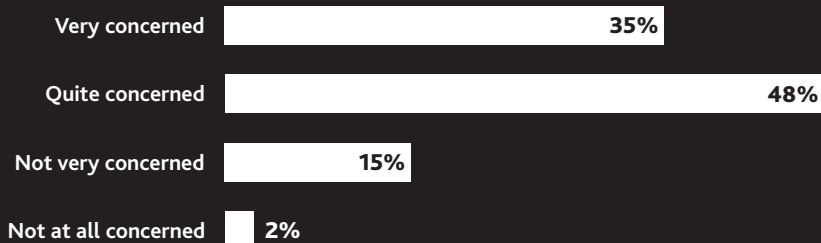
Nearly half of job hunters think they'll have to take any graduate job they're offered and that it's likely they'll start work on a lower salary than they were hoping for. Two fifths of students wished they'd started job hunting sooner and a quarter admit that they've applied to employers they're not really interested in, in order to try and secure a graduate position.

**Chart 5.2 Students' Job Hunting during 2009-2010**

*Confidence in Finding a Graduate Job*



*Concern about Career Prospects*



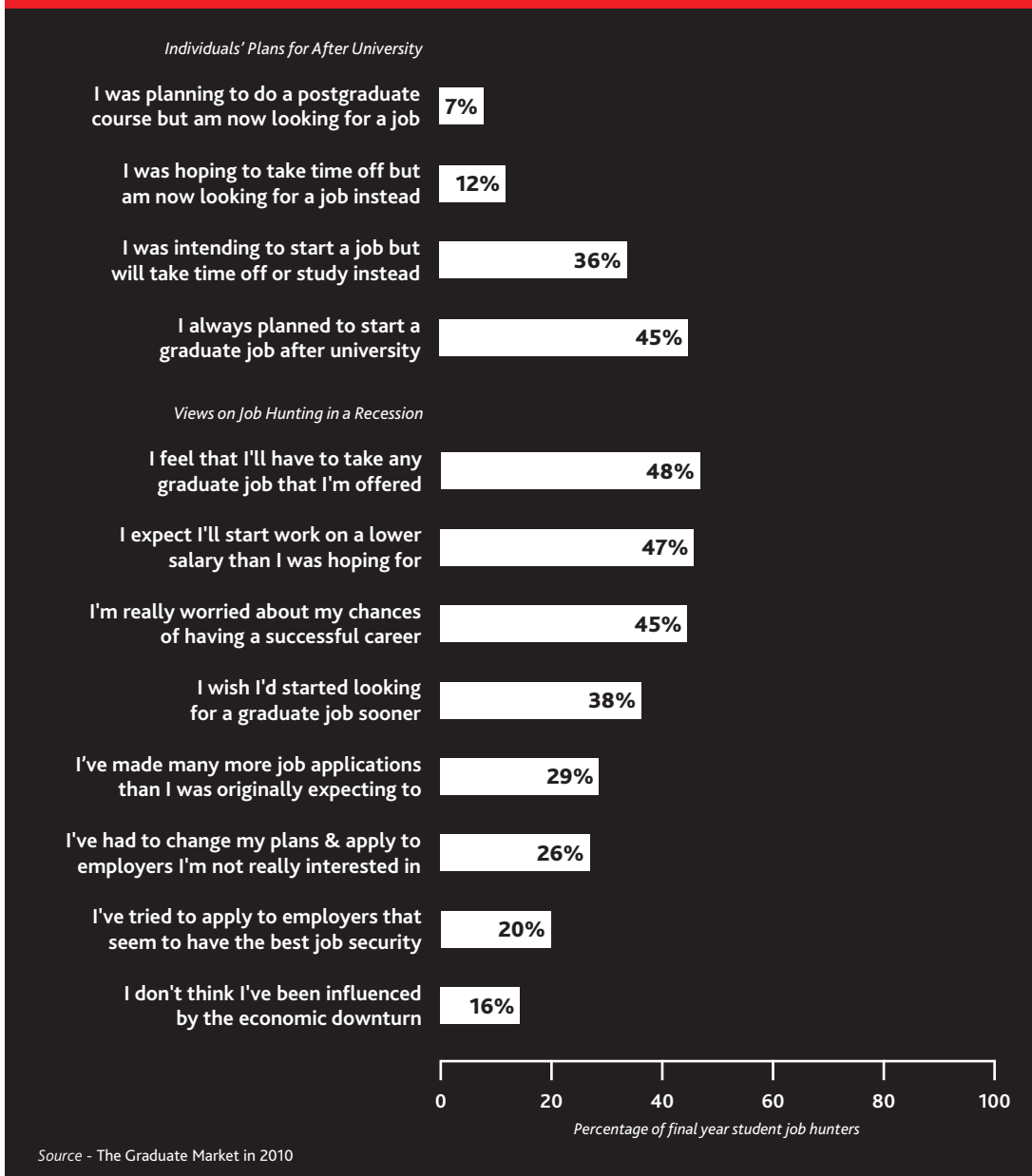
Percentage of final year student job hunters

Source - The Graduate Market in 2010

Finalists were also asked whether their opinion of individual career destinations had changed as a result of the recession. Almost half of students said that investment banking was now less appealing, a third had been put off working in property, a fifth had been discouraged from applying for jobs in retail and up to a quarter had been deterred from considering a career in accountancy.

But over a third of finalists said that working in the public sector was now a more attractive proposition. Careers in consulting, engineering and with the Armed Forces were also thought to be more popular options for graduates in the current economic climate. Final year students were divided, however, about the merits of working for a small or medium-sized businesses.

**Chart 5.3 Students' Opinions on the Effects of the Recession**



## Summary

- Final year university students are **even more pessimistic** this year about their career prospects than finalists were in 2009.
- Just **30% of finalists** think that employers will increase their entry-level vacancies this year and more than 60% of student job hunters have **little confidence** that they will find a graduate position after university.
- Two-fifths of finalists admit that they should have begun looking for work **earlier**.
- Half of finalists believe they'll have to take **any job that they're offered**, a quarter say they've been forced to apply to employers that they **aren't really interested in** and many expect to begin work on a **lower salary** than they were hoping for.
- A **significant number of students** have been **put off** applying for jobs in **investment banking, property, retail and accountancy** due to the recession.
- More than a third of finalists say working in the **public sector** is now a **more appealing** prospect.

## Chapter 6

# Outlook for 2011

### Graduate Vacancies for the 'Class of 2011'

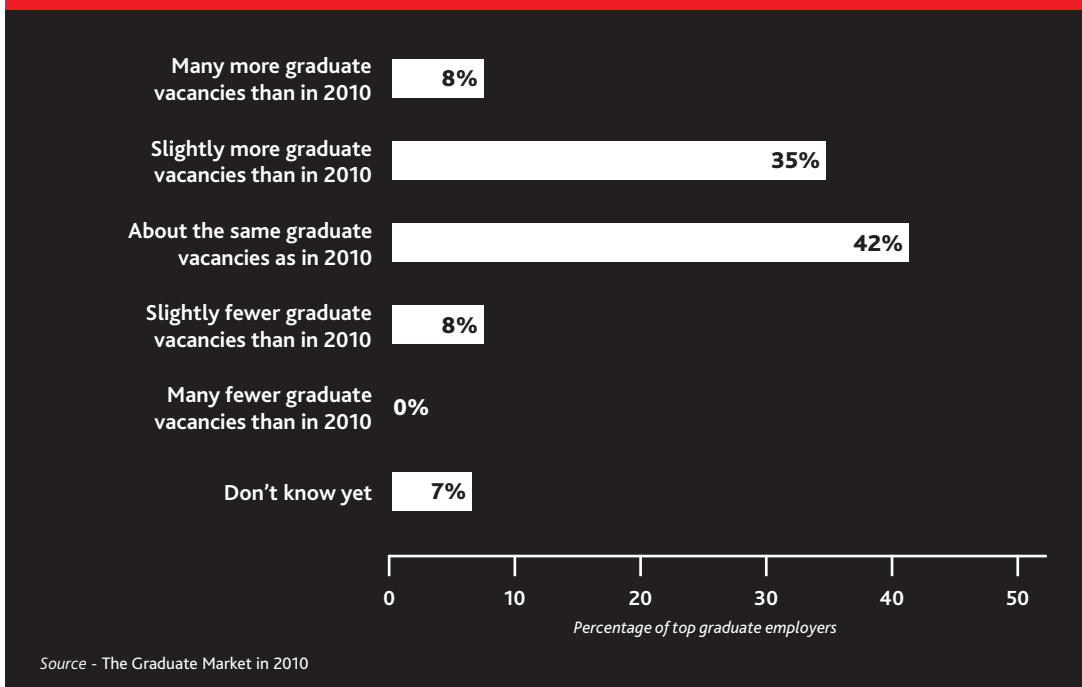
For the last part of the research, the UK's leading employers were asked about the prospects for graduate recruitment in 2011.

The results are very positive and show that 85% of recruiters are confident that their organisation will maintain or expand their graduate recruitment next year (see *Chart 6.1*). Two-fifths of recruiters believe that they will take on a similar number of graduates in 2011 as are being recruited for 2010. A third hope expect that their intake will increase slightly next year, with several organisations planning to offer 'many more vacancies'. It is interesting that the proportion of employers expecting to expand their recruitment in 2011 is twice the number that anticipated a year ago in *The Graduate Market in 2009* that their graduate recruitment would increase in 2010.

There is no particular pattern as to which employers are the most optimistic, but they include a number of major City banks, several IT & telecoms companies and a selection of engineering & industrial firms.

These early predictions for 2011 are very encouraging and suggest that the growth in vacancies at many of the UK's top employers in 2010 is set to continue next year, helping to further reverse the significant cuts to graduate programmes seen during 2008 and 2009.

**Chart 6.1** Number of Graduate Vacancies that Employers expect to Offer in 2011



## Summary

- Britain's leading graduate employers are noticeably **optimistic** about their graduate recruitment in 2011. Two-fifths expect to take on more new recruits next year and a similar number expect to **maintain recruitment at 2010 levels**.
- Only **8% of employers** – including several public sector organisations – believe their recruitment targets **will be cut in 2011**.
- As the UK begins to emerge from recession, it is evident that many employers have taken the decision to step up to their recruitment of graduates for entry-level positions, to ensure the supply of future management talent for their organisations.

## APPENDIX

# Media Coverage of the Research

The launch of *The Graduate Market in 2010* on January 13th 2010 and the news that the prospects for graduates are improving was widely reported in the national press, including articles in *The Times*, *The Independent*, *The Daily Telegraph* and *Financial Times*, bulletins on BBC radio and a special feature on the ‘Working Lunch’ programme on BBC television.



*‘The Graduate Market in 2010’ was the main story on BBC2’s ‘Working Lunch’ programme on January 13th 2010*



*The research was reported in news bulletins on the ‘Chris Evans Breakfast Show’ on BBC Radio 2 and during ‘Today’ on BBC Radio 4 on the morning of January 13th 2010*

# The Daily Telegraph

## Older graduates snap up extra jobs

By Stephen Adams

THE number of graduate jobs is on course to rise by 12 per cent in 2010, but many vacancies have already been taken by last year's university leavers, a survey has found.

Banking and financial services companies are among the most buoyant of "milk round" recruiters and are planning to take on a third more graduates than last year, according to the report by High Fliers Research.

There should also be substantial increases in entry-level positions with accountancy and professional

services firms (expected to rise 14 per cent) and retailers (up 21 per cent).

The positive outlook comes after the number of vacancies for graduates shrank by a quarter over the past two years. This means that many graduates from previous years will be competing for jobs with final year students.

A quarter of all this year's posts have already been filled by previous years' graduates, while four in 10 applications for 2010 positions have been from graduates who failed to find work last year.

Consequently, final year students remain "very pessimistic" about their

career prospects and few believe that there will be more opportunities for graduates than last year, according to the study.

Martin Birchall, the managing director of High Fliers Research, said competition for graduate positions would remain "extremely tough".

"After two years of swingeing cuts in graduate recruitment, it's very encouraging that Britain's best-known and most sought-after employers are stepping up their entry-level vacancies for 2010," he said.

"But students leaving university this summer will

be disappointed to find that many of these new positions have already been filled by graduates from the 'Class of 2009' who had job offers postponed last year.

"Competition for the remaining vacancies is therefore likely to remain extremely tough and there is widespread concern on campus that this year's graduate recruitment is shaping up to be just as difficult as in 2009.

"For those who have yet to begin job hunting, the chances of landing a place on a graduate programme in 2010 are looking increasingly slim."

Page 10, January 13th 2010

# FINANCIAL TIMES

## Increase expected in graduate jobs

Vacancies for graduates are set to rise by 11.8 per cent this year after two years of substantial cuts, according to a survey of the 100 leading graduate employers. But the report by High Fliers Research, a graduate market analyst, may be of little comfort to those due to leave university this summer. It says more than a quarter of this year's vacancies have already been filled,

either by 2009 leavers who had job offers deferred or by students who have had previous work experience with employers.

The situation is most buoyant in the City, where vacancies in investment banking have jumped by a third after falling by half during the past two years. There are also more opportunities at the high street banks and accounting and professional services companies.

Brian Groom

Page 4, January 13th 2010

# THE TIMES

## Students face fight with last year's graduates for jobs

Starting salaries frozen for successful applicants

Joanna Sugden

Students applying for graduate jobs in September will find that a quarter of vacancies have been filled by last year's graduates, according to a survey of employers.

The record number of students finishing university this summer face fierce competition for jobs as recruitment remains in the doldrums and unemployed graduates from previous years take the entry-level positions on offer.

Leading employers cut graduate recruitment by 25 per cent between 2008 and 2009, the survey of top graduate employers indicated.

It also suggested that more than 80,000 people who were unable to find graduate work last year have returned to the employment pool and taken jobs starting in September.

"There is a big backlog to catch up," Martin Birchall, managing director of High Flyers, the market researcher that carried out the study, said. "We are not out of the woods yet, it's going to take another two years before things return to the level of 2006-07."

The survey also suggested that starting salaries have been frozen for the first time, at an average of £27,000. They rose by 5.9 per cent in 2009 and by 4.9 per cent the year before but will not change in 2010.

The Graduate Market 2010 survey suggests that the 100 biggest graduate employers have increased their vacancies by 11.8 per cent this year compared with 2009. But cuts in recruitment in the past two years, a significant increase in applications and 25 per cent of positions already taken leaves even fewer graduate opportunities for the class of 2010 than for those who left university last summer.

"Competition for the remaining

vacancies is therefore likely to be extremely tough and there is widespread concern on campus," Mr Birchall said. "For those who have yet to begin job hunting, the chances of landing a place on a graduate programme in 2010 are looking increasingly slim."

More than 310,000 students will finish their degrees this year.

A separate survey of final-year students published today suggests that 50 per cent have little confidence about finding a graduate position and 30 per cent are planning to stay at university for postgraduate study instead of joining the employment market. The number of unemployed people aged 16 to 25 has reached its highest level and the next round of employment statistics is expected to show that one million are out of work.

Of the 1,001 final-year students surveyed by High Flyers, 25 per cent said that they had applied for jobs that they had little or no interest in just to secure a position. Half of the students were worried that graduating in a recession would cause long-term damage to their career.

The biggest recruiters for graduate positions this year will be the accountants PricewaterhouseCoopers and Deloitte, the Army, Teach First, a charity that recruits high-achieving graduates into the classroom, KPMG, the consultancy company, and the Royal Air Force. However, the highest number of jobs for graduates that any of them can offer is 1,039.

● The deadline for degree applications has been extended by a week because of the weather. The university admissions service Ucas said that it wanted to give time for candidates who were snowed in and without internet access to complete the process, which is entirely online. Applications must now be submitted by January 22.

# THE INDEPENDENT

## Class of 2009 will take this year's job offers

► Number of openings for graduates is rising – but 2010's students will struggle

**By Richard Garner**  
EDUCATION EDITOR

THIS YEAR'S university graduates will struggle just as hard as last year's to find a job after completing their studies despite an 11.8 per cent increase in the number of jobs on offer.

Figures from the country's leading 100 employers today show that for the first time in three years the number of graduate jobs available is set to rise.

However, most of the vacancies will be snapped up by last year's graduates who were offered jobs but then found them withdrawn as a result of the recession – or who have been unemployed for months but have done work experience with employers. At least one in four of the jobs has gone already.

"After two years of swingeing cuts in graduate recruitment, it's encouraging that Britain's best-known and most sought-after employers are stepping up their entry-level vacancies for 2010," said Martin Birchall, managing director of High Fliers Research, which does an annual poll of leading employers.

"But students leaving university this summer will be disappointed to find that many of these new positions have already been filled by graduates from the 'Class of 2009' who had job offers postponed last year."

The latest figures show that one in five jobless 18- to 24-year-olds has a degree – up from one in six three years ago. The unemployment rate for this age group has shot up to 18 per cent from just 5.8 per cent before the recession started.

Today's survey reveals the biggest boost to jobs comes from the City,

where vacancies in investment banking have risen by a third. The number of job opportunities in high street banks, accounting and professional services have also risen.

The 11.8 per cent rise this year compares with a 17.8 per cent drop in 2009 when 40,000 jobs were offered but 10,000 subsequently withdrawn as a result of the recession. The previous year, job offers fell by 6.7 per cent.

This year's survey reveals the average pay of a newly qualified graduate is likely to be frozen at £27,000 – the first time since the survey was launched that there has been no increase. Would-be graduates this summer are already planning to lower their sights as a result of the predicted squeeze on jobs.

A survey of 1,000 final-year students revealed that only 8 per cent were confident of landing the job they wanted. One in four admitted they had been forced to apply for jobs in organisations they were not really interested in.

Half of student job-hunters have little confidence they will find a graduate position and a third are planning to remain at university for postgraduate studies. "For those who have yet to begin job-hunting, the chances of landing a place on a graduate programme in 2010 are looking increasingly slim," added Mr Birchall.

# 20%

of jobless 18- to 24-year-olds have a degree – up from 16% in 2007



# THE TIMES

## There's good news, and there's bad news

More entry-level positions offer hope for new graduates, but competition is getting tougher, reports **Martin Birchall**

**G**raduates looking for jobs have had it tough for the past two years. All that learning, all that education, only to find that the number of entry-level positions has been declining steadily, even sharply. At last, however, there is light at the end of the tunnel.

The good news is that the number of entry-level vacancies available at the country's leading employers is expected to rise by 11.8 per cent this year. The bad news is that undergraduates may find themselves competing for such posts with graduates from the past two years who are still unemployed.

Graduate vacancies fell by 6.7 per cent in 2008 and a further 17.8 per cent in 2009. Of the 40,000 graduate vacancies advertised during the 2008 and 2009 recruitment seasons, almost 10,000 positions eventually were cut or left unfilled.

The improving economic outlook means that employers in at least ten key industries and business sectors, including those of banking and accountancy that were hit hard by the recession, are stepping up their graduate recruitment for 2010.

After cutting more than half their annual intake in 2009, the City investment banks have made a dramatic recovery and are planning to hire a third more university-leavers this year, an increase of more than 500 graduate positions, according to a survey of the employers featured in *The Times Top 100 Graduate Employers* published today by High Fliers Research.

"Several of the top banks cut their numbers back so far in 2009 that they've had to really increase their recruitment this year," a senior City recruiter said. "Competition between the banks to attract the best candidates is really hotting up. It's great for graduates hoping to work in the City."

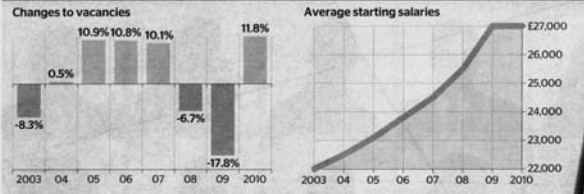
There is encouraging news, too, from the leading accountancy and professional services firms. They are preparing to recruit 400 more graduate trainees in the next 12 months, an increase of 14 per cent, compared with 2009.

"We've been even busier than last year and are filling our places very quickly," a recruitment manager at one of the Big Four professional services firms said. "Students seem much more focused and better prepared this year. They've clearly done their research before applying."

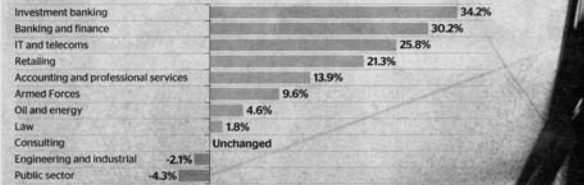
Two of the Big Four — Deloitte and PricewaterhouseCoopers (PwC) have confirmed that they will recruit at least 1,000 graduates each during 2010.

Britain's leading retailers — including Tesco, J Sainsbury and Marks & Spencer — have increased their graduate recruitment targets by more than

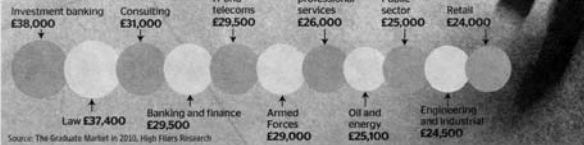
### Graduates in the workplace



### Changes to vacancies in 2010



### Median starting salaries for 2010



### Students' views

- Fewer than one in three final-year students from the Class of 2010 believe that the graduate job market will improve this year. 35 per cent think that there will be fewer entry-level vacancies than in 2009
- Less than half of finalists are confident of finding a graduate job before they leave university this summer. Only 3 per cent describe themselves as "very confident"
- A third of student job-hunters are planning to give up their search for employment and enrol on a postgraduate course, instead
- Two fifths of finalists wish that they had started their job search sooner
- A quarter of job-hunters admit that they have been apply-

ing to employers that they are not really interested in, in order to try to secure a graduate position

- A third of finalists have been put off applying to investment banks because of the global financial crisis. Fewer students are keen to work in property or accountancy
- Careers in the public sector and in consulting, engineering and the Armed Forces are more popular choices this year than last
- Half of students say that they will have to take "any job they are offered" because of the continuing recession in the UK
- Most accept that they will probably earn less than they were hoping for in their first job
- Three quarters of finalists are concerned that graduating in a recession may do long-term damage to their future careers

Source: A survey of 1001 final-year students conducted in December 2009 by High Fliers Research

20 per cent and the leading high street banks are planning to expand their graduate programmes by up to 30 per cent.

Yet the survey report *The Graduate Market in 2010* warns that competition for places is likely to be tough. More than a quarter of 2010's vacancies were filled before the recruitment season began, either with graduates from the previous year — the so-called Class of 2009 — who had their job offers deferred or by undergraduates who had had previous work experience with employers, highlighting the growing importance of experiences such as summer internships.

"The market is heaving with graduates at the moment," a graduate recruitment manager from the media sector said. "We're seeing far more high-quality graduates than we know what to do with."

Three quarters of employers have received significantly more applications for their graduate programmes this year and a number of organisations have already closed the application process for 2010.

More than 40 per cent of applications received so far have been from graduates who failed to find work in 2009, rather than undergraduates looking for work. This might explain why a separate survey of 1,000 final-year students found that they were gloomy about their job prospects. Two fifths wished that they had started their job hunt sooner, a quarter

admitted that they had applied for jobs that they did not really want and a third said that they were considering giving up searching for a job in favour of enrolling on a postgraduate course. Half told researchers that they were willing to take any job offered during the recession.

Graduate starting salaries are not expected to rise this year. The average pay of £27,000 is unchanged from 2009, the first time that graduate salaries have been frozen. A fifth of top graduate programmes will pay new recruits more than £30,000 when they start work, with the investment banks and leading law firms offering the most generous salaries.

The highest published graduate starting salary available in 2010 is, as it was last year, at Audi, the retailer, which pays trainee area managers £40,000 per annum, as well as providing a fully expensed Audi A4 company car.

● *Martin Birchall is the author of The Graduate Market in 2010 and the managing director of High Fliers Research. A free copy of the report is available to download from [www.highfliers.co.uk](http://www.highfliers.co.uk)*

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