

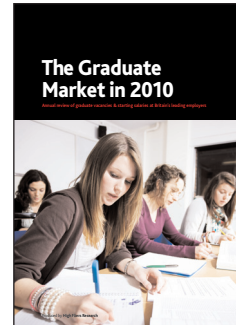
## End-of-Year Update

# The Graduate Market in 2010

### Introduction

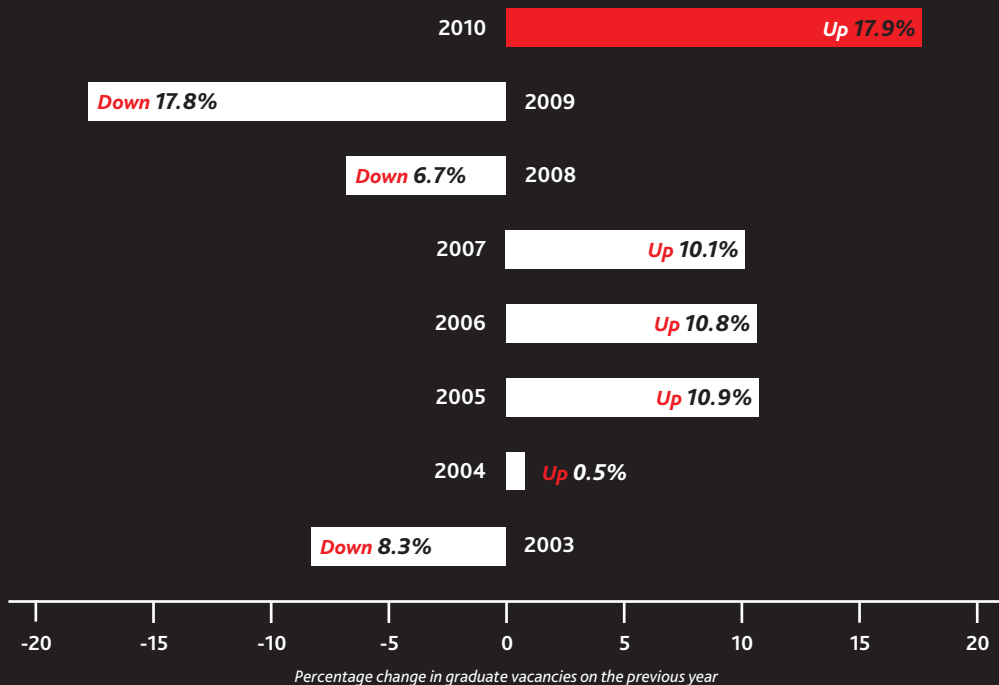
When **The Graduate Market in 2010** report was published in January, it showed that after two years of swingeing cuts in graduate recruitment, employers were planning to step up their graduate vacancies again in 2010.

For this special end-of-year update, **High Fliers Research** returned in **June 2010** to the organisations that took part in the original research – *The Times Top 100 Graduate Employers* – to confirm the actual number of graduates that have been recruited to start work this year.



*The Times Top 100 Graduate Employers* is the annual league table of Britain’s most sought-after and successful employers, researched from a poll of more than 16,000 final year students to find ‘Which employer offers the best opportunities for graduates?’. The research is a key part of *The UK Graduate Careers Survey* which is conducted each year by High Fliers Research at thirty leading universities, assessing the career plans and expectations of final year students.

**Chart 1 How Job Vacancies for Graduates have Changed between 2003 and 2010**



Source - The Graduate Market in 2010

## Graduate Vacancies in 2010

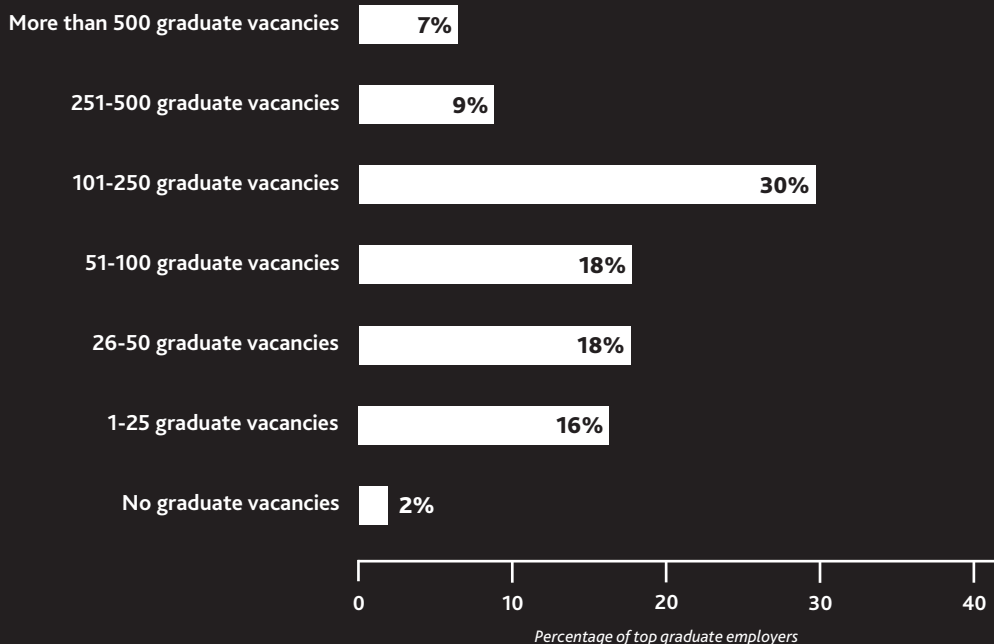
By comparison with the considerable reductions in graduate recruitment in 2008 and 2009, the prospects for university-leavers in 2010 are much improved. The new mood of optimism amongst the UK’s leading employers reported in *The Graduate Market in 2010* in January 2010, has gathered pace and many of the best-known organisations have increased their recruitment targets significantly over the last six months. To date, employers have recruited 17.9 per cent more graduates to start work in 2010 than were employed in 2009 (see *Chart 1* on previous page) – recruiters had expected this year’s vacancies to increase by 11.8 per cent when questioned in January.

Over half of the employers from *The Times Top 100 Graduate Employers* have expanded their graduate recruitment this year, with more than twenty organisations hiring at least fifty additional university-leavers, compared with 2009. A fifth of recruiters have maintained their graduate intake but a quarter have reduced their vacancies this year, albeit by an average of ten or fifteen graduate positions.

This much more positive outlook means that vacancies for graduates have increased in eleven of the main employment areas. The most substantial growth is in the financial sector – vacancies at the City’s leading investment banks have jumped by more than a third, restoring around half of the jobs lost during 2008 and 2009 (see *Chart 3*).

Vacancies at the accounting & professional services firms have increased by 30 per cent – amounting to almost 1,000 extra entry-level positions – and there has been strong growth too at the high street banks. Graduate positions at media companies (largely in sales roles) have more than doubled and IT & telecommunications firms have also recovered strongly and are set to employ three-quarters more graduates in 2010 than in 2009.

**Chart 2 Graduate Vacancies at leading UK Employers in 2010**



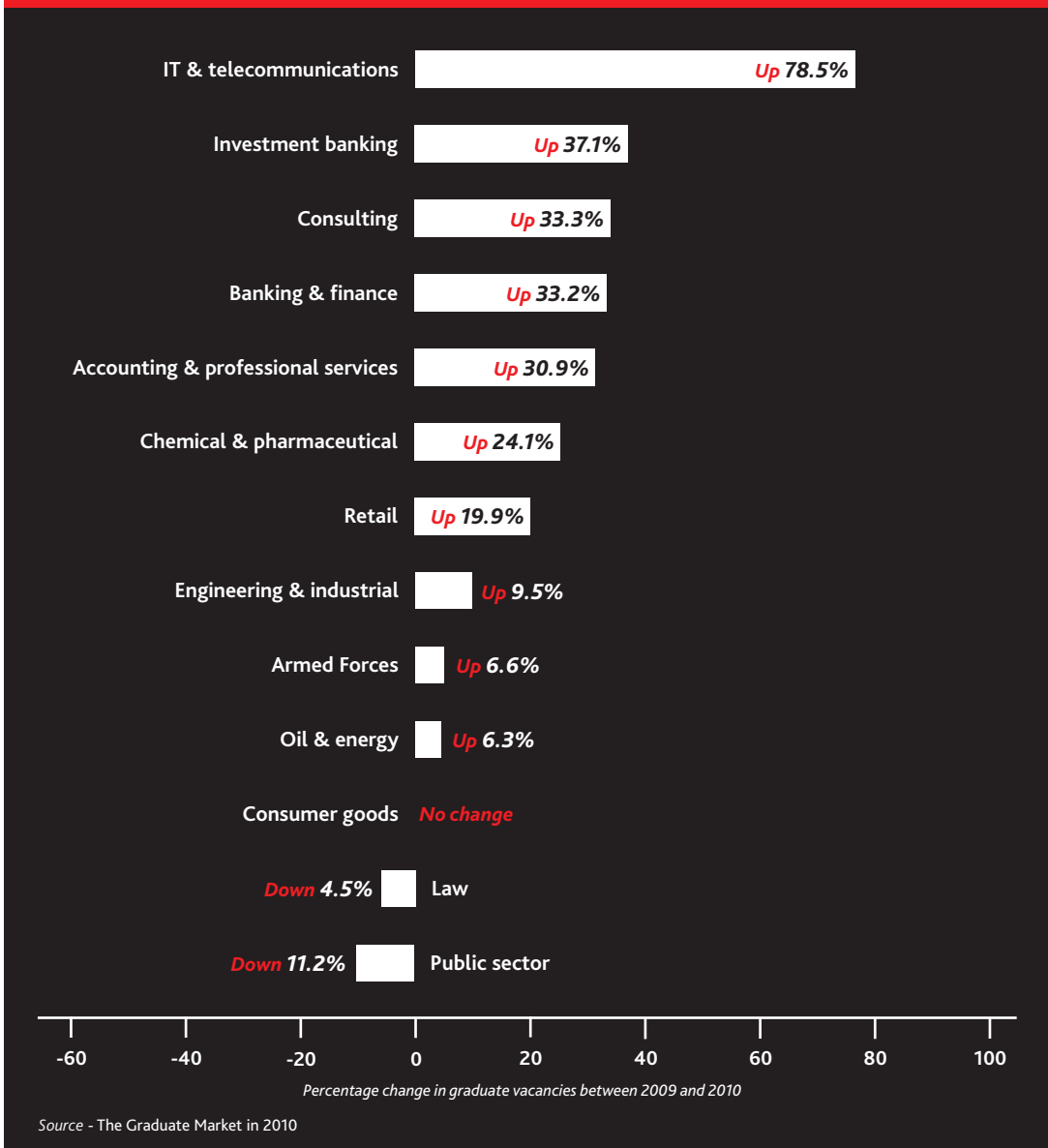
Source - The Graduate Market in 2010

Just two employment areas – the public sector and law firms – have recorded a drop in vacancies this year and the number of graduate jobs at consumer goods companies remains unchanged.

Two organisations – both ‘Big Four’ accounting & professional services firms – are recruiting at least 1,000 new graduates each this year and there are a total of seven employers with more than 500 vacancies (see *Chart 2*). Around half of recruiters expect at least 100 graduates to join their organisations later this year.

Of the employers questioned for the research, the vast majority had already completed their 2010 recruitment or had closed-off applications for this year. The main exceptions were the largest round-the-year recruiters who continue to have a limited number of vacancies to fill and employers whose recruitment targets have been increased in the last three months.

**Chart 3 How Graduate Vacancies have Changed since 2009, by Sector or Industry**

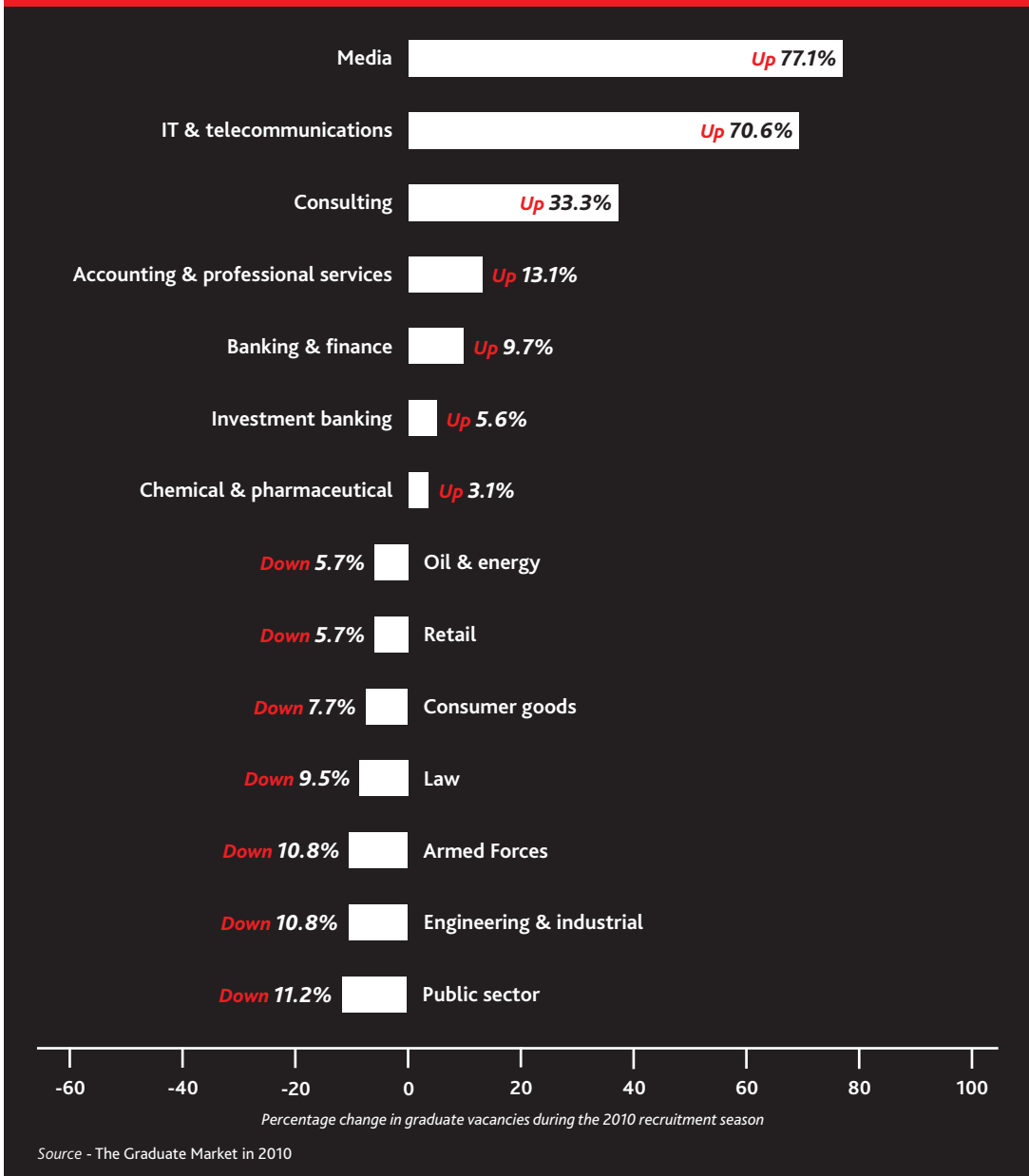


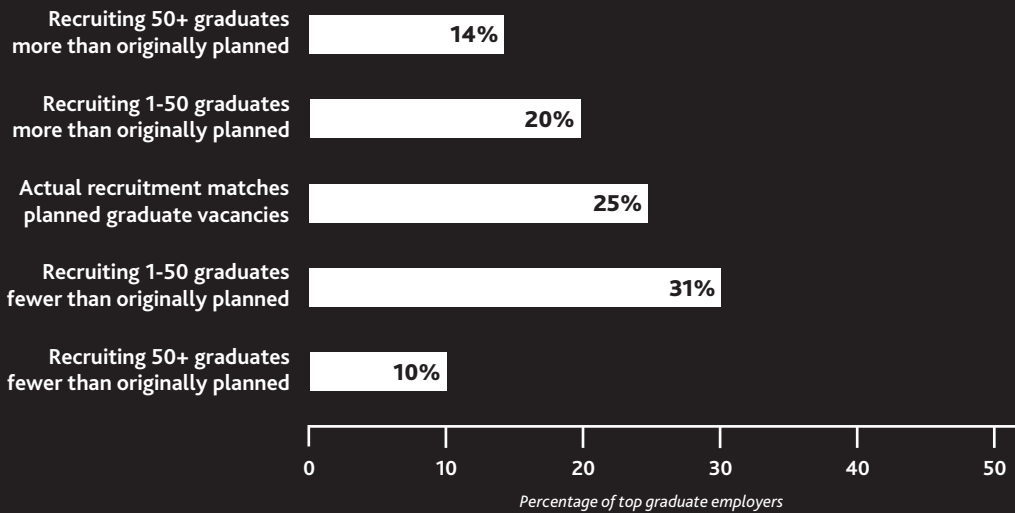
## Changes to Graduate Recruitment in 2010

By the time *The Graduate Market in 2010* report was produced in January 2010, it was clear that recruitment targets for Britain’s leading graduate employers were set to increase in 2010 – at that mid-point in the recruitment cycle, recruiters expected to hire 11.8 per cent more graduates than in 2009. The latest research confirms that the number of graduates recruited this year will actually be significantly higher than those original targets (see *Table 6*).

One in seven employers has stepped their graduate recruitment by more than fifty vacancies since January and a further fifth of employers have increased their intake by smaller numbers (see *Chart 5*). Recruitment targets have risen in each of major financial sectors – accounting & professional services, banking & finance and investment banking (see *Chart 4*).

**Chart 4 How Graduate Vacancies for 2010 have been Revised, by Sector or Industry**



**Chart 5 How Employers' Graduate Vacancies for 2010 have been Revised**

Source - The Graduate Market in 2010

**Table 6 Analysis of Graduate Vacancies in 2010, by Industry or Business Sector**

Industry or Business Sector	Actual graduates recruited for 2009, as confirmed in December 2009	Original graduate vacancies for 2010, as published in September 2009	Revised graduate vacancies for 2010, as updated in June 2010	% difference between original vacancies & actual recruitment in 2010	Number of vacancies added (cut) in 2010
Accounting & professional services	3,025	3,500	3,959	13.1	934
Armed Forces	1,675	2,000	1,785	-10.8	110
Banking & finance	782	950	1,042	9.7	260
Chemical & pharmaceuticals	54	65	67	3.1	13
Consulting	405	405	540	33.3	135
Consumer goods	181	196	181	-7.7	0
Engineering & industrial	818	1,005	896	-10.8	78
Investment banking	1,618	2,100	2,218	5.6	600
IT & telecommunications	325	340	580	70.6	255
Law	792	835	756	-9.5	(36)
Media	267	310	549	77.1	282
Oil & energy	432	487	459	-5.7	27
Public sector	2,507	2,456	2,182	-11.2	(325)
Retailing	798	1,015	957	-5.7	159
<b>ALL SECTORS</b>	<b>13,817</b>	<b>15,884</b>	<b>16,288</b>	<b>2.5</b>	<b>2,471</b>

Source - The Graduate Market in 2010

## Changes in Graduate Vacancies during the Recession

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.

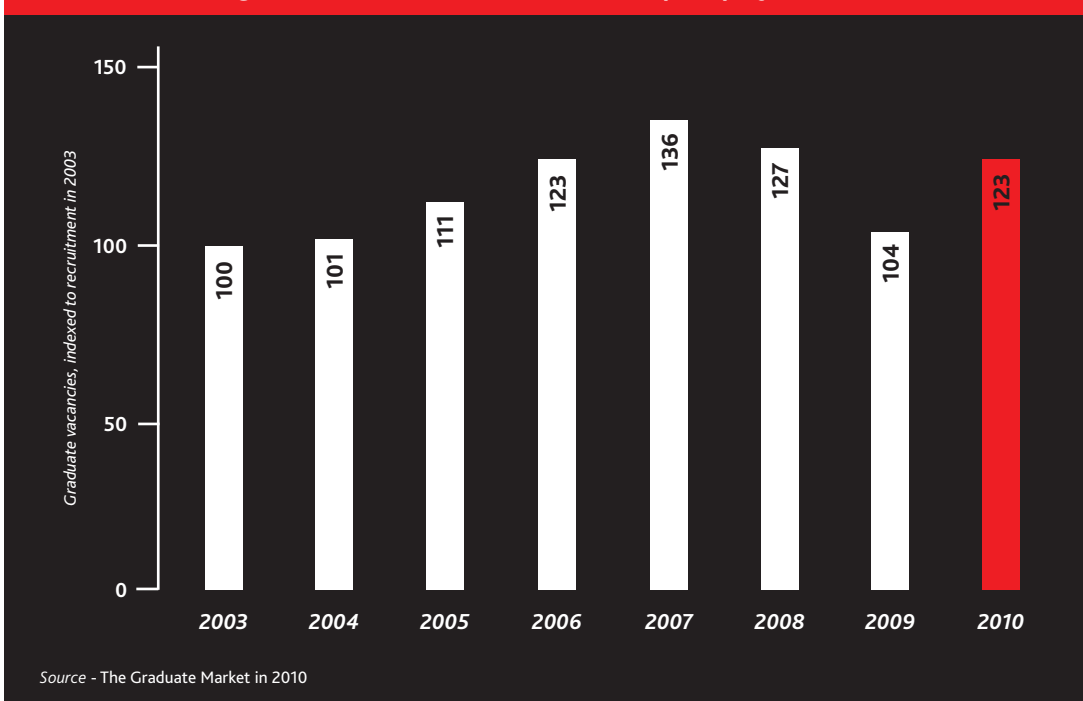
Between 2007 and 2009, vacancies at organisations featured in *The Times Top 100 Graduate Employers* fell by an unprecedented 23.3% and the number of entry-level positions reduced in thirteen of fourteen key industries and business sectors. The most substantial cuts took place at the investment banks, IT & telecommunications firms, chemical & pharmaceuticals companies and within the media, where vacancies halved during the course of the two recruitment rounds (see *Chart 8*).

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 7 Indexing Graduate Vacancies at the UK’s Top Employers 2003 to 2010**

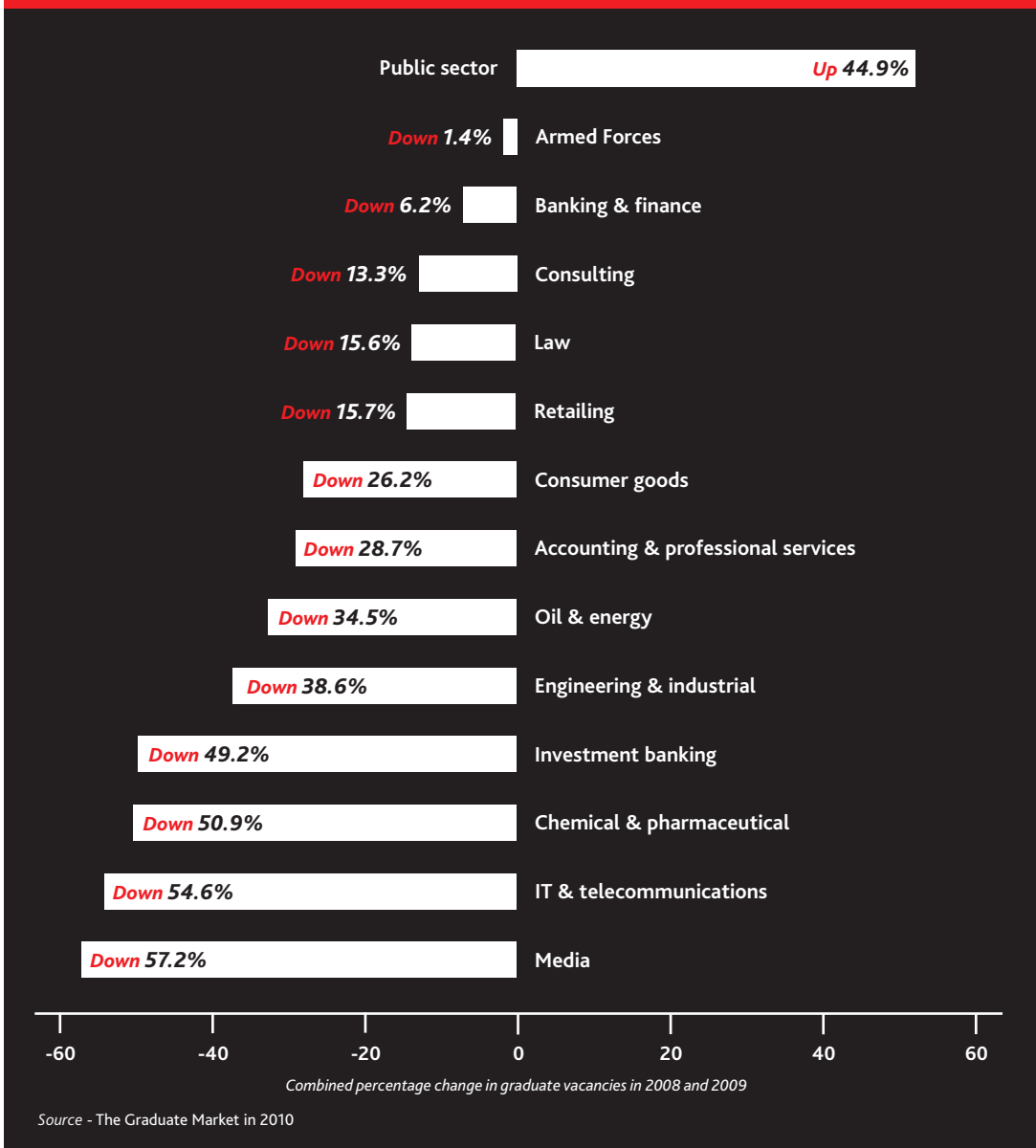


It is interesting to benchmark how graduate vacancies have changed over the last seven years since the end of the last economic downturn in 2003 (see *Chart 7*). This indexing of vacancies shows that during the four recruitment seasons between 2004 and 2007, opportunities for graduates grew by more than 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 2006.

Over this same five year period there has, of course, been no such decline in the graduating population – an estimated 50,000 additional graduates are expected to leave university in the summer of 2010, compared with the numbers who completed first degrees in 2006.

**Chart 8 How Graduate Vacancies Changed in 2008 & 2009, by Sector or Industry**

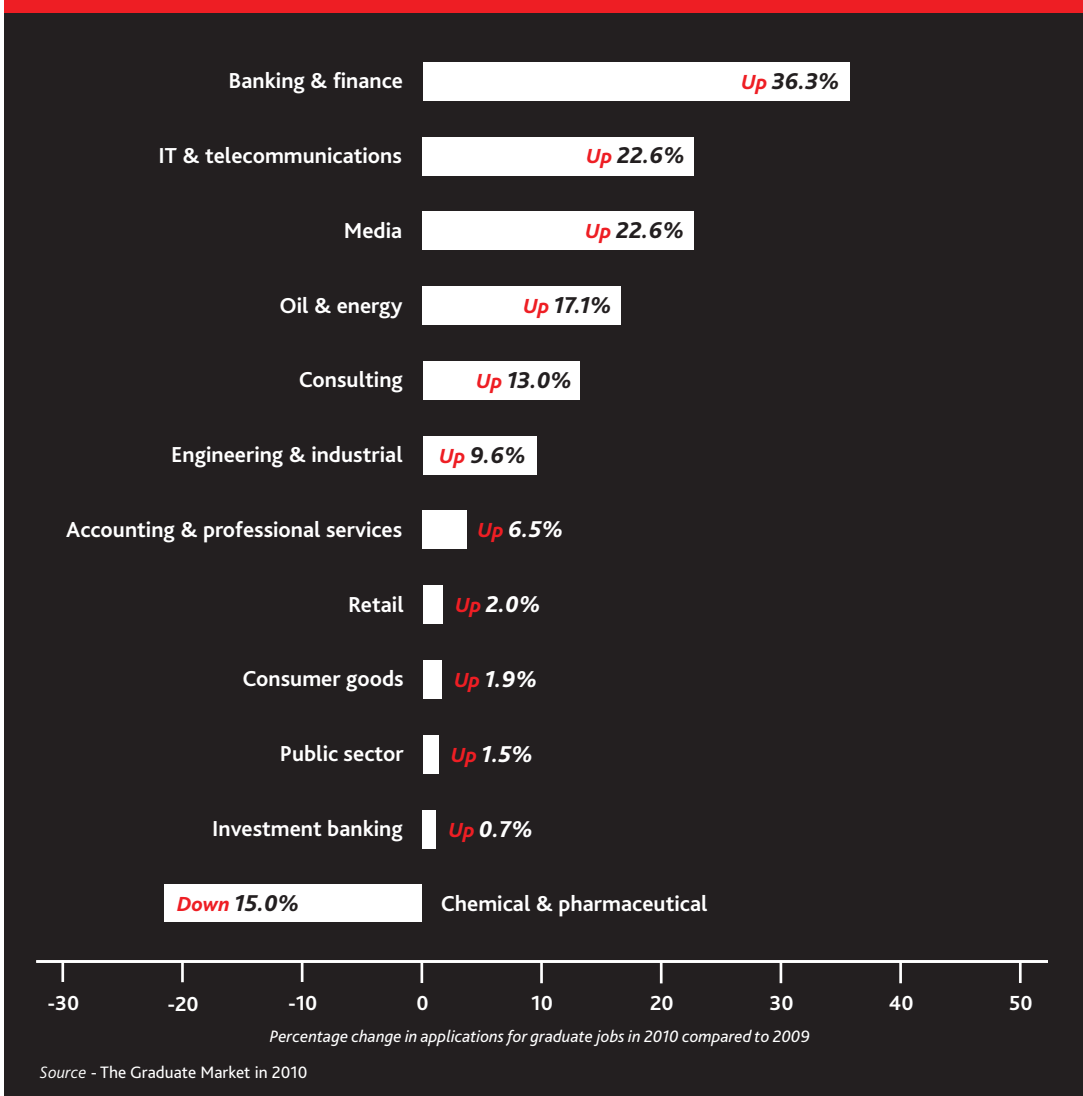


## Applications for Graduate Jobs in 2010

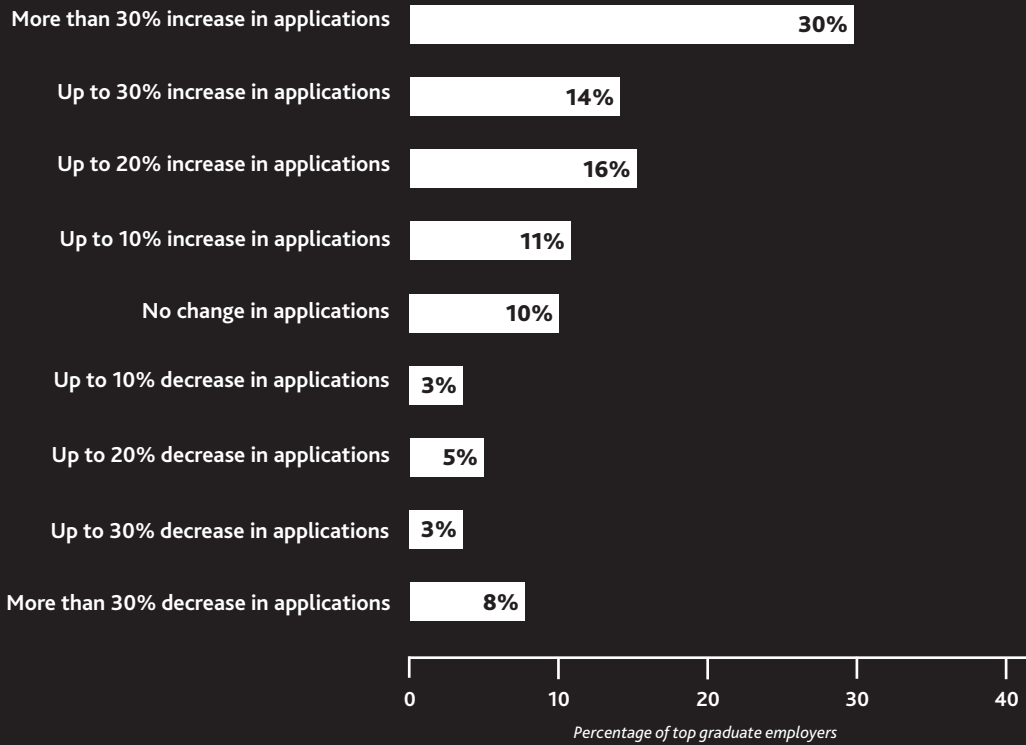
The majority of the UK's leading graduate employers have seen their application levels increase significantly in 2010 (see *Chart 10*). Across all of the organisations featured in *The Graduate Market in 2010*, application numbers have risen by 7 per cent, but in several sectors such as banking & finance, IT & telecommunications and the media, the number of graduate applicants has jumped by at least a fifth (see *Chart 9*). The only sector which recorded a drop in applications was the chemical & pharmaceuticals industry.

Although there has been a substantial increase in the number of graduate vacancies available in 2010, the number of applications per vacancy remains extremely high. On average, Britain's top employers have received 45 applications for each graduate job in 2010 (see *Table 11*), compared with 52 in 2009 (see *Table 12*). Pre-recession in 2008, the figure was 35 applications per vacancy. This year competition for places has been toughest at consumer goods companies, media organisations, in finance and investment banking, and in the oil & energy sector.

**Chart 9 How Applications for Graduate Jobs Changed in 2010, by Sector or Industry**



**Chart 10 How Applications for Graduate Jobs Changed in 2010**



Source - The Graduate Market in 2010

**Table 11 Applications per Vacancy 2010**

	Average
Consumer goods	265.8
Media	106.4
Banking & finance	74.4
Investment banking	73.9
Oil & energy	72.6
Chemical & pharmaceutical	63.3
Engineering & industrial	49.7
Retail	46.6
Public sector	35.8
IT	32.9
Consulting	28.0
Accounting & professional services	14.6
Law*	-
<b>ALL SECTORS</b>	<b>44.9</b>

Source - The Graduate Market in 2010

**Table 12 Applications per Vacancy 2009**

	Average
Consumer goods	270.2
Investment banking	104.3
Chemical & pharmaceutical	102.9
Media	101.2
Banking & finance	72.7
IT	71.4
Retail	64.7
Oil & energy	61.4
Engineering & industrial	48.6
Consulting	34.8
Public sector	28.4
Law	18.9
Accounting & professional services	17.9
<b>ALL SECTORS</b>	<b>52.3</b>

Source - The Graduate Market in 2010

## Starting Salaries for Graduates

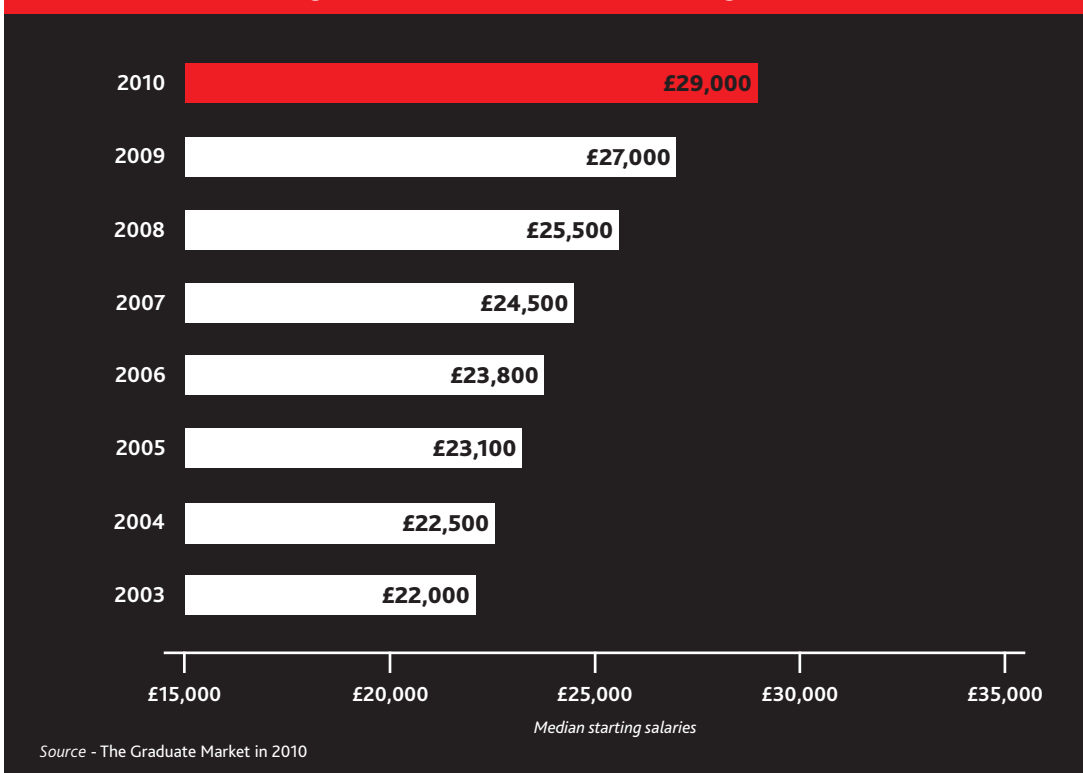
The research also examines the starting salaries that top employers are planning to pay new graduates who are due to begin work in 2010, compared with salaries paid to graduate recruits who joined their organisations in 2009. The salaries quoted are generally the average national salaries that have been 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.

Starting salaries for new graduates at Britain’s top employers are set to increase by more than 7 per cent, compared with 2009 levels, to an average of £29,000 (see *Chart 13*). This is one of the largest annual rises recorded over the last decade and is due, in part, to significant increases in the salaries paid this year by leading investment banks.

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

Within individual industries and employment areas, the highest-paying UK employers in 2010 are the investment banks and law firms (see *Chart 14*). Whilst few banks openly publicise their graduate packages, this research confirms that the best-known employers in the City are now paying between £38,000 and £45,000 to new recruits, substantially more than in 2009. Salaries for graduates joining the legal profession have also increased compared with last year’s rates, to a median of £38,000. Three other sectors – consulting, oil & energy and the media – are offering median salaries in excess of £30,000.

**Chart 13 How Starting Salaries for Graduates have Changed between 2003 and 2010**

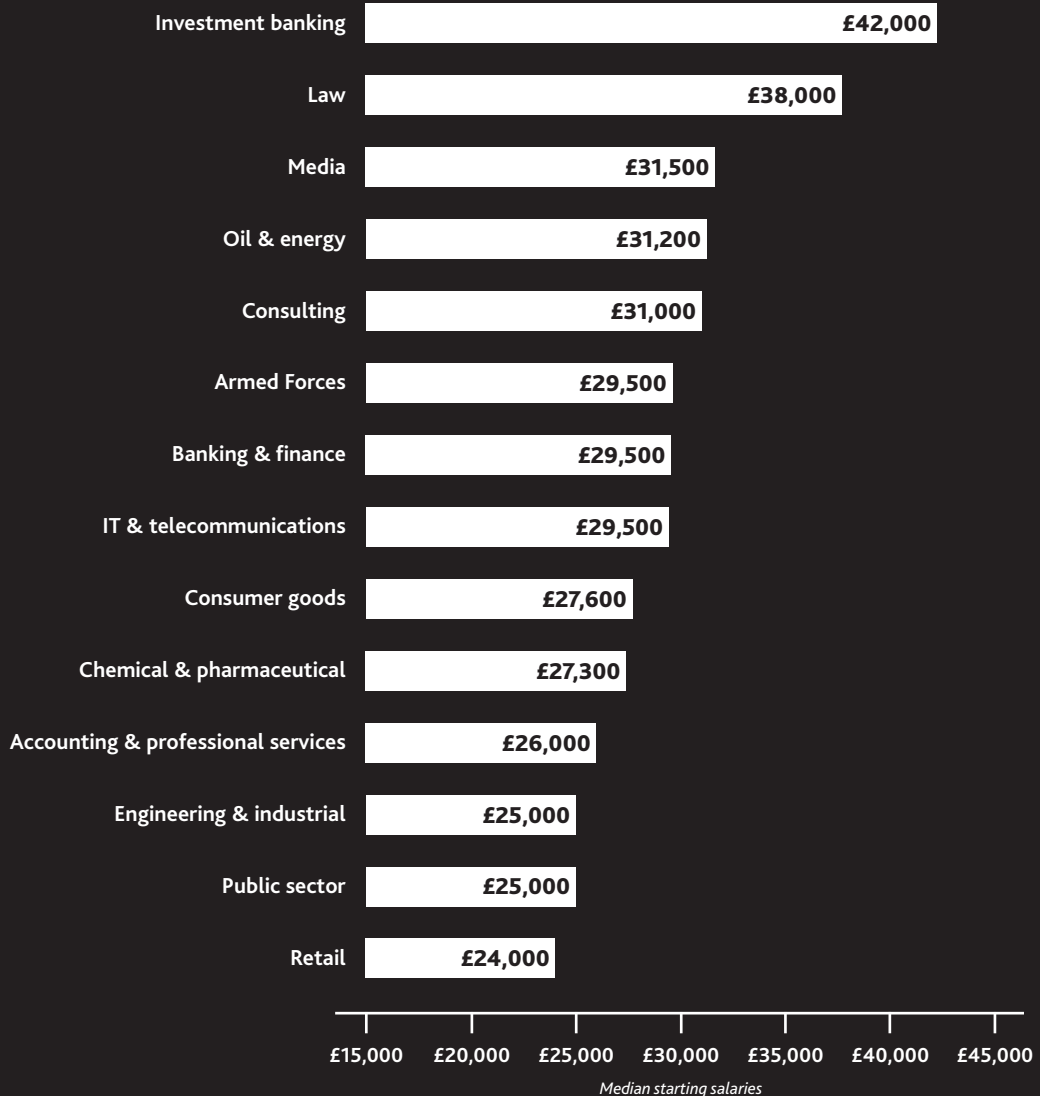


Banking & finance employers, IT & telecommunications firms and the Armed Forces are also set to pay salaries above the national median of £29,000. Interestingly, the typical starting salary for accounting & professional services firms – currently the largest sector recruiting graduates – remains below this level, at £26,000 for 2010.

The lowest salaries are for those starting work with retailers, 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.

It is clear from this research that despite continuing uncertainty in the wider economy, increased competition for high-quality graduates since September 2009 has fuelled higher starting salaries in a number of different employment sectors in 2010.

**Chart 14 Graduate Salaries at UK Employers in 2010, by Sector or Industry**



Source - The Graduate Market in 2010

## Outlook for 2011

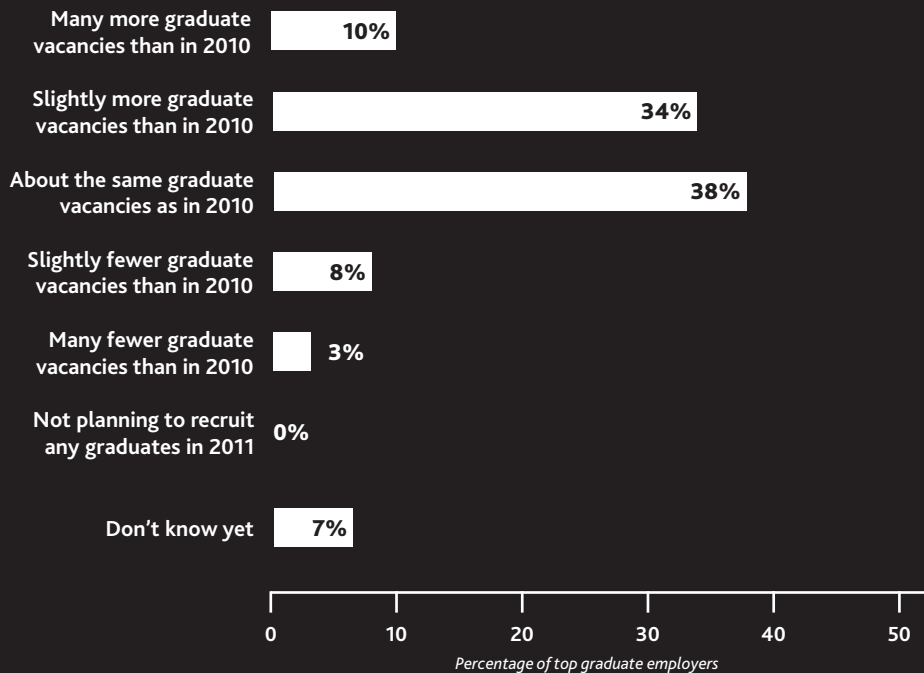
For the final part of the research, Britain's top employers were asked about the prospects for graduate recruitment in 2011.

The results are very encouraging and suggest that more than four-fifths of recruiters are expecting their organisation to maintain or expand their graduate recruitment next year (see *Chart 15*). Almost half of recruiters hope to expand their intake next year and a third believe that they will take on a similar number of graduates in 2011 as have been recruited in 2010. Ten organisations plans to offer 'many more vacancies'.

Just one in nine recruiters expect to hire fewer graduates in 2011 than they are taking on this year and none of the employers taking part in the research said that they wouldn't be recruiting any new graduates at all next year.

These predictions for 2011 seem much more upbeat than six months ago, suggesting that many of the UK's top employers are keen to continue building up the pipeline of new graduates for their organisations.

**Chart 15** Number of Graduate Vacancies that Employers expect to Offer in 2011



Source - The Graduate Market in 2010