

End-of-Year Update

The Graduate Market in 2011

Introduction

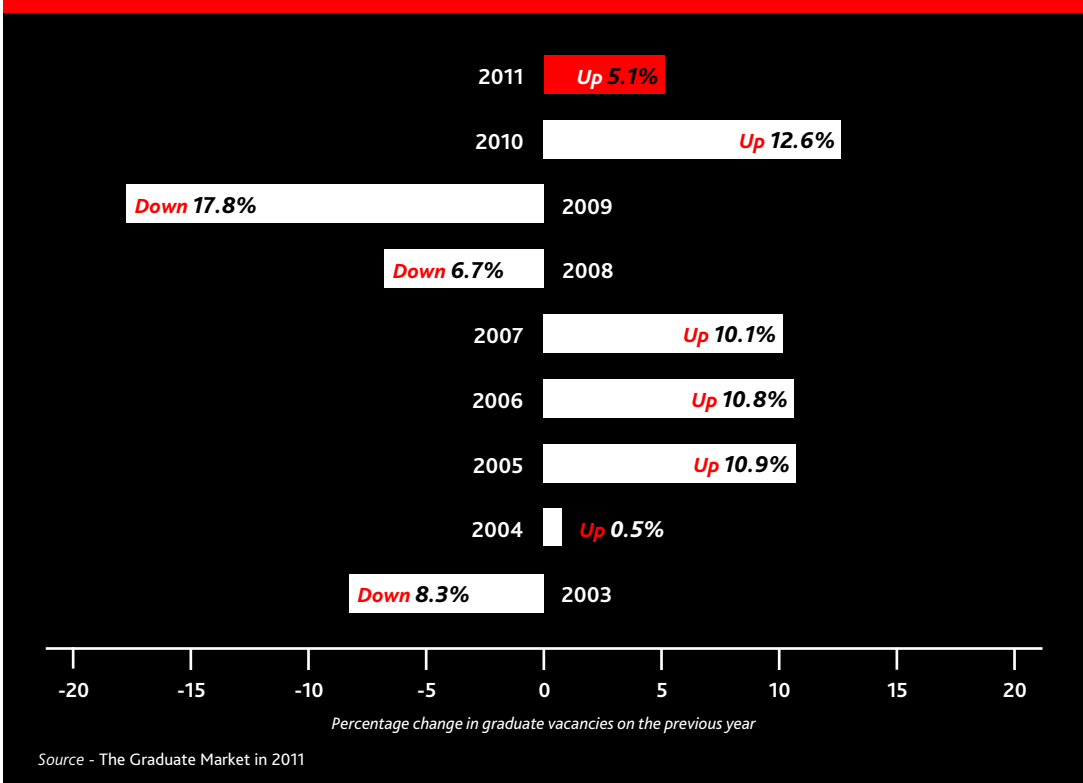
When **The Graduate Market in 2011** report was published in January, it showed that for the second year running, employers were planning to increase their entry-level vacancies in 2011 and that in several sectors graduate recruitment was set to return to pre-recession levels.

For this special end-of-year update, **High Fliers Research** returned in **June 2011** 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 17,000 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 2011



Graduate Vacancies in 2011

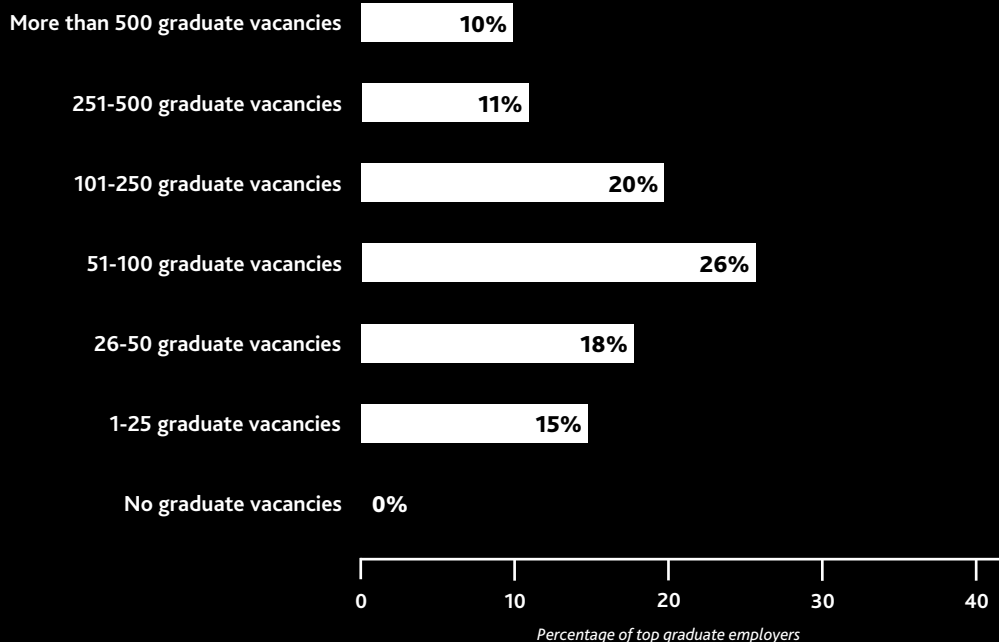
Following the sharp surge in graduate vacancies in 2010, the prospects for university-leavers have improved further in 2011, despite fears that widespread public sector cuts could damage the graduate job market. The mood of optimism at many of the UK’s leading employers reported in *The Graduate Market in 2011* in January 2011 has continued and to date, employers have recruited 5.1 per cent more graduates to start work in 2011 than were employed in 2010 (see *Chart 1* on previous page). Recruiters had expected this year’s vacancies to increase by 9.4 per cent when questioned in January.

More than half of the employers from *The Times Top 100 Graduate Employers* have expanded their graduate recruitment this year, with sixteen organisations stepping up their recruitment by 50 per cent or more, compared with 2010. A sixth of recruiters have maintained their graduate intake but a quarter have reduced their vacancies this year, albeit by an average of just ten or fifteen graduate positions.

This positive outlook means that vacancies for graduates have increased in ten of the main employment areas. The most substantial growth is at the leading management consulting firms and consumer goods manufacturers where vacancies have jumped by more than a third this year (see *Chart 3*). Vacancies at the accounting & professional services firms have increased by more than a sixth – amounting to 650 extra entry-level positions – and there has been strong growth too at IT & telecommunications firms and high street retailers.

However, the prospects for graduates in the public sector are not so optimistic. The rapid expansion of the Teach First scheme – which this year has recruited an additional 230 graduates – helps disguise the fact that several of the largest employers in the public sector have had to reduce their graduate intake this year.

Chart 2 Graduate Vacancies at leading UK Employers in 2011



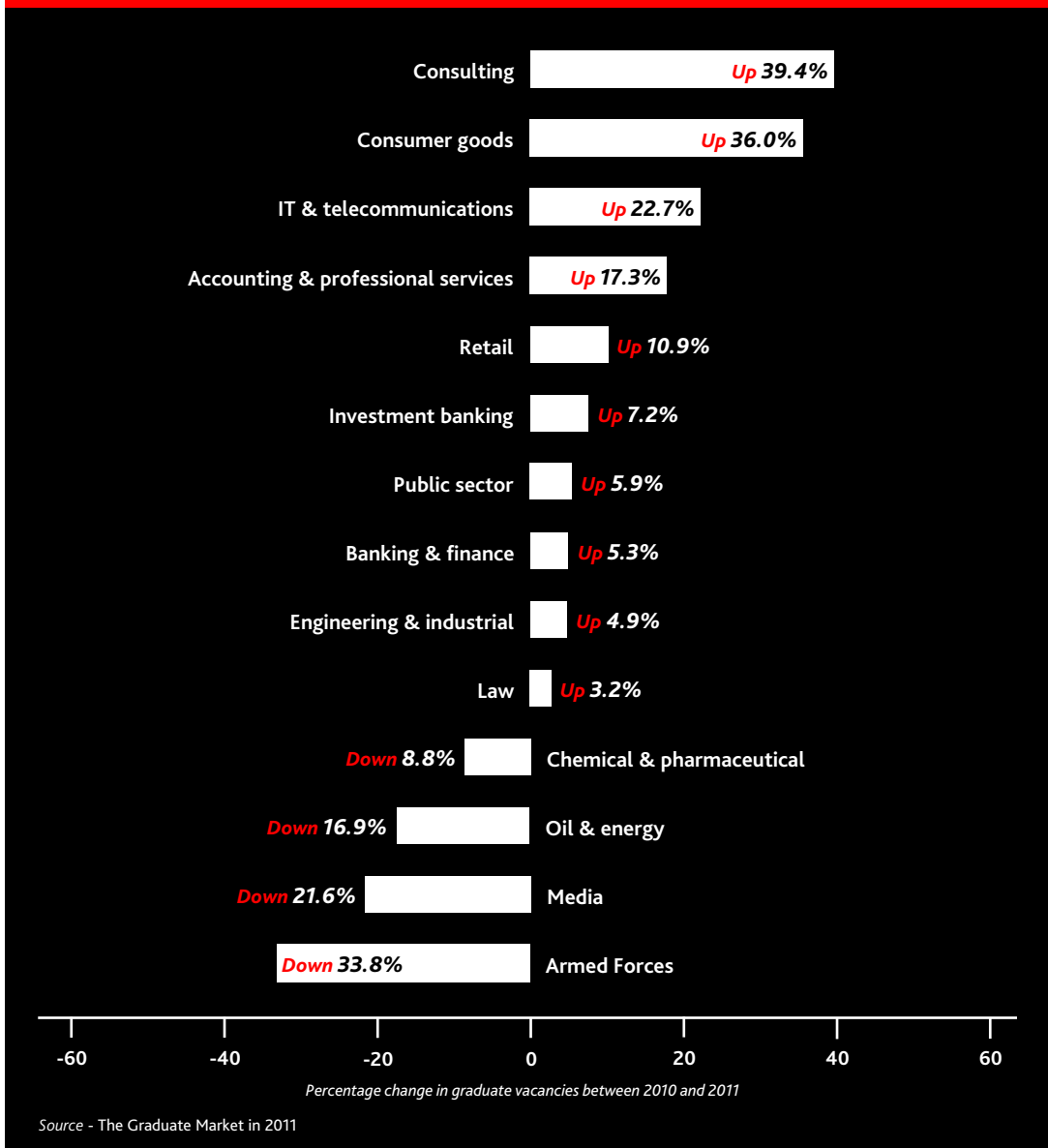
Source - The Graduate Market in 2011

Of the four employment areas that reported a drop in vacancies this year, the most substantial cuts have been at the Armed Forces, where the graduate intake has been reduced by more than a third, and at the oil & energy companies where vacancies are down by a sixth.

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 ten employers with more than 500 vacancies (see *Chart 2*). More than two-fifths of recruiters expect more than 100 graduates to join their organisations later this year.

The vast majority of the employers questioned for the research had already completed their 2011 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 2010, by Sector or Industry



Changes to Graduate Recruitment during 2011

When *The Graduate Market in 2011* report was produced in January 2011, it was evident that Britain’s leading graduate employers expected to recruit more graduates in 2011 than they had done in 2010. In September 2010, at the start of the 2011 recruitment season, recruiters had estimated that this would be 12.0 per cent increase in vacancies. But by January – the mid-point in the recruitment cycle – this forecast had been reduced slightly to 9.4 per cent.

This latest research confirms that the number of graduates recruited this year has been scaled back further, largely due to cuts in vacancies at the Armed Forces and media companies, and smaller than expected increases in recruitment at the top investment banks (see *Chart 4*). In all, two-fifths of employers downgraded their recruiting targets during 2011 (see *Chart 5*).

Chart 4 How Graduate Vacancies for 2011 have been Revised, by Sector or Industry

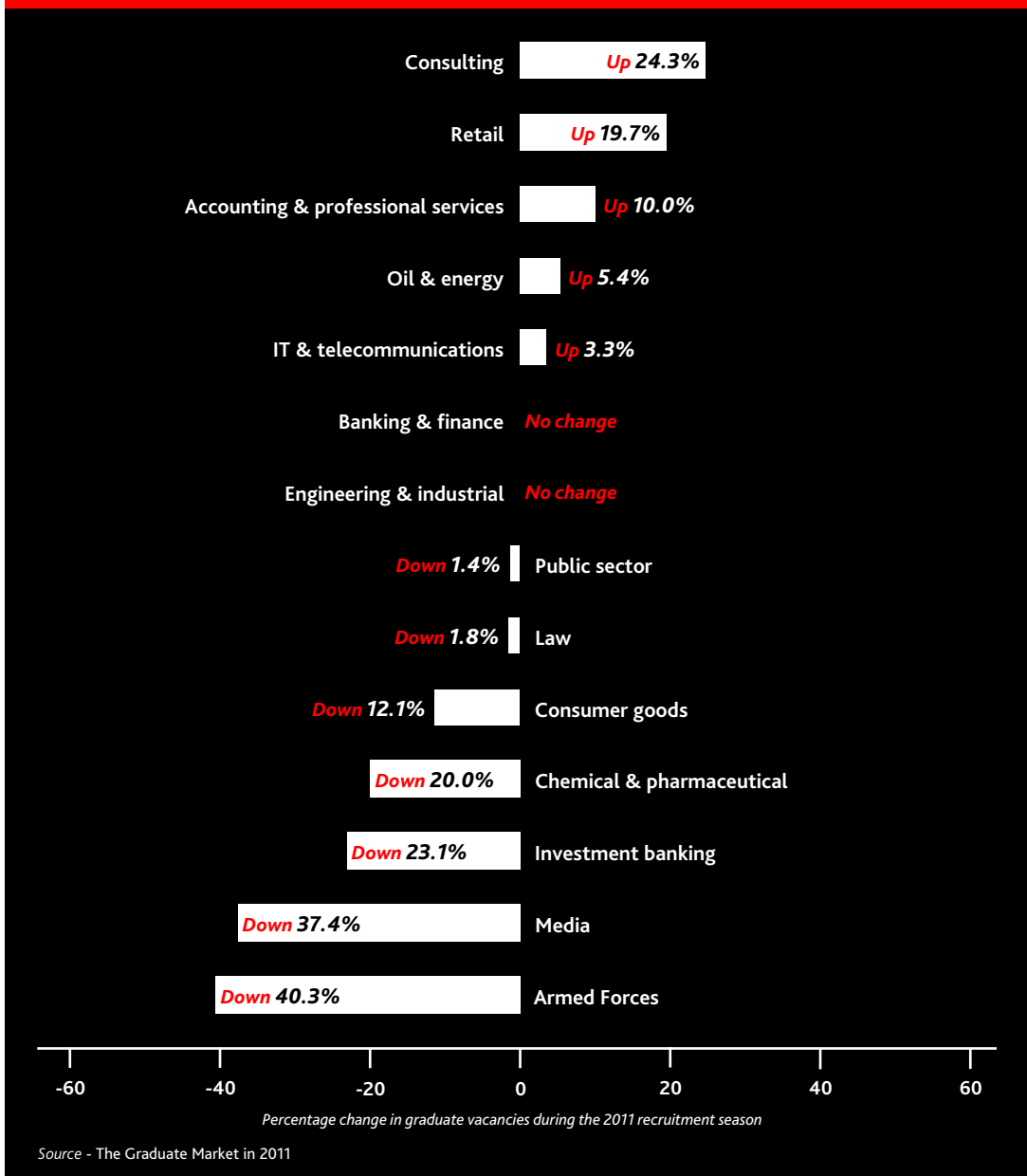
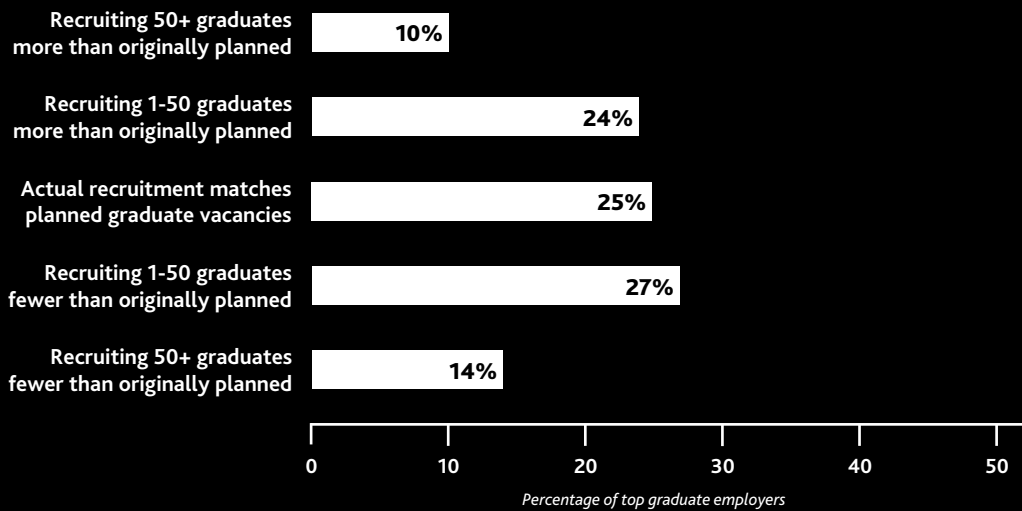


Chart 5 How Employers' Graduate Vacancies for 2011 have been Revised

Source - The Graduate Market in 2011

Table 6 Analysis of Graduate Vacancies in 2011, by Industry or Business Sector

Industry or Business Sector	Actual graduates recruited for 2010, as confirmed in December 2010	Original graduate vacancies for 2011, as published in September 2010	Revised graduate vacancies for 2011, as updated in June 2011	% difference between original vacancies & actual recruitment in 2011	Number of vacancies added (cut) in 2011
Accounting & professional services	3,749	4,000	4,399	10.0	650
Armed Forces	1,625	1,800	1,075	-40.3	(550)
Banking & finance	1,130	1,190	1,190	0.0	60
Chemical & pharmaceuticals	57	65	52	-20.0	(5)
Consulting	495	555	690	24.3	195
Consumer goods	236	365	321	-12.1	85
Engineering & industrial	1,039	1,110	1,090	-0.9	51
Investment banking	2,366	3,300	2,537	-23.1	171
IT & telecommunications	383	455	470	3.3	87
Law	773	813	798	-1.8	25
Media	435	545	341	-37.4	(94)
Oil & energy	609	480	506	5.4	(103)
Public sector	1,754	1,885	1,858	-1.4	104
Retailing	1,197	1,109	1,327	19.7	130
ALL SECTORS	15,955	17,862	16,761	-6.2	806

Source - The Graduate Market in 2011

Changes in Graduate Vacancies during the Recession

The recession had a major impact on graduate recruitment in the UK and 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 graduate vacancies halved during the course of just two recruitment rounds.

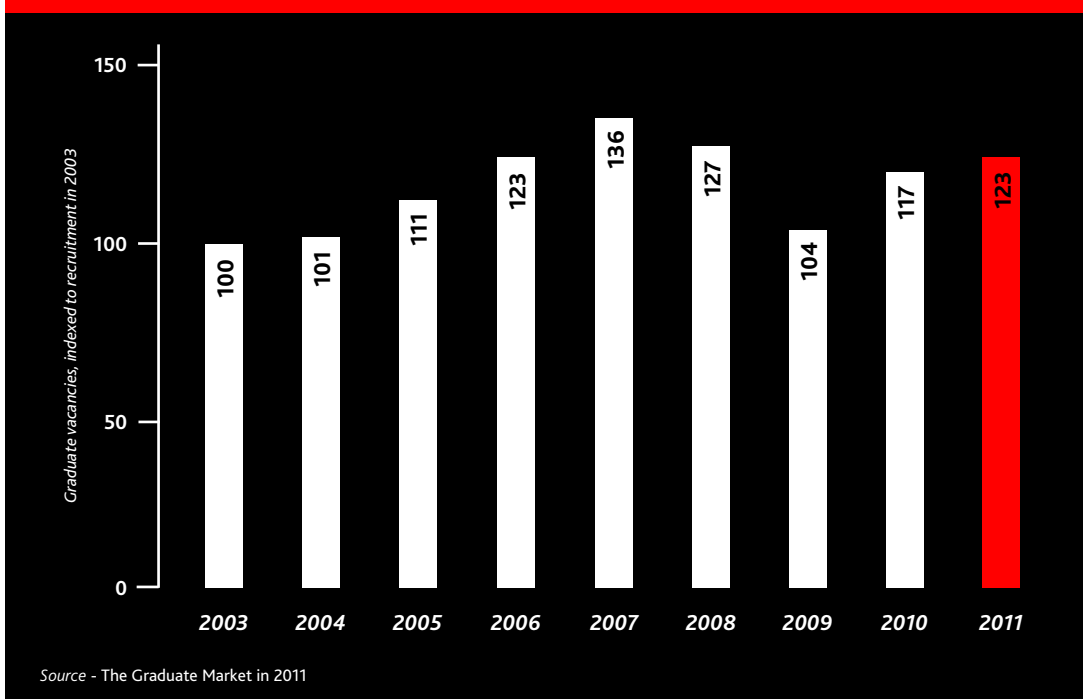
There were sharp falls too in recruitment at consumer goods manufacturers, engineering & industrial employers, oil & energy companies and accounting & professional services firms – graduate vacancies dropped by between a quarter and a third in each sector between 2007 and 2009.

Just one employment area – the public sector – managed to increase its graduate intake over the period, increasing vacancies by 44.9% from 1,475 places in 2007, to an impressive 2,137 posts in 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.

It is interesting to benchmark how graduate vacancies have changed over the last eight 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. Virtually all of this growth

Chart 7 Indexing Graduate Vacancies at the UK’s Top Employers 2003 to 2011

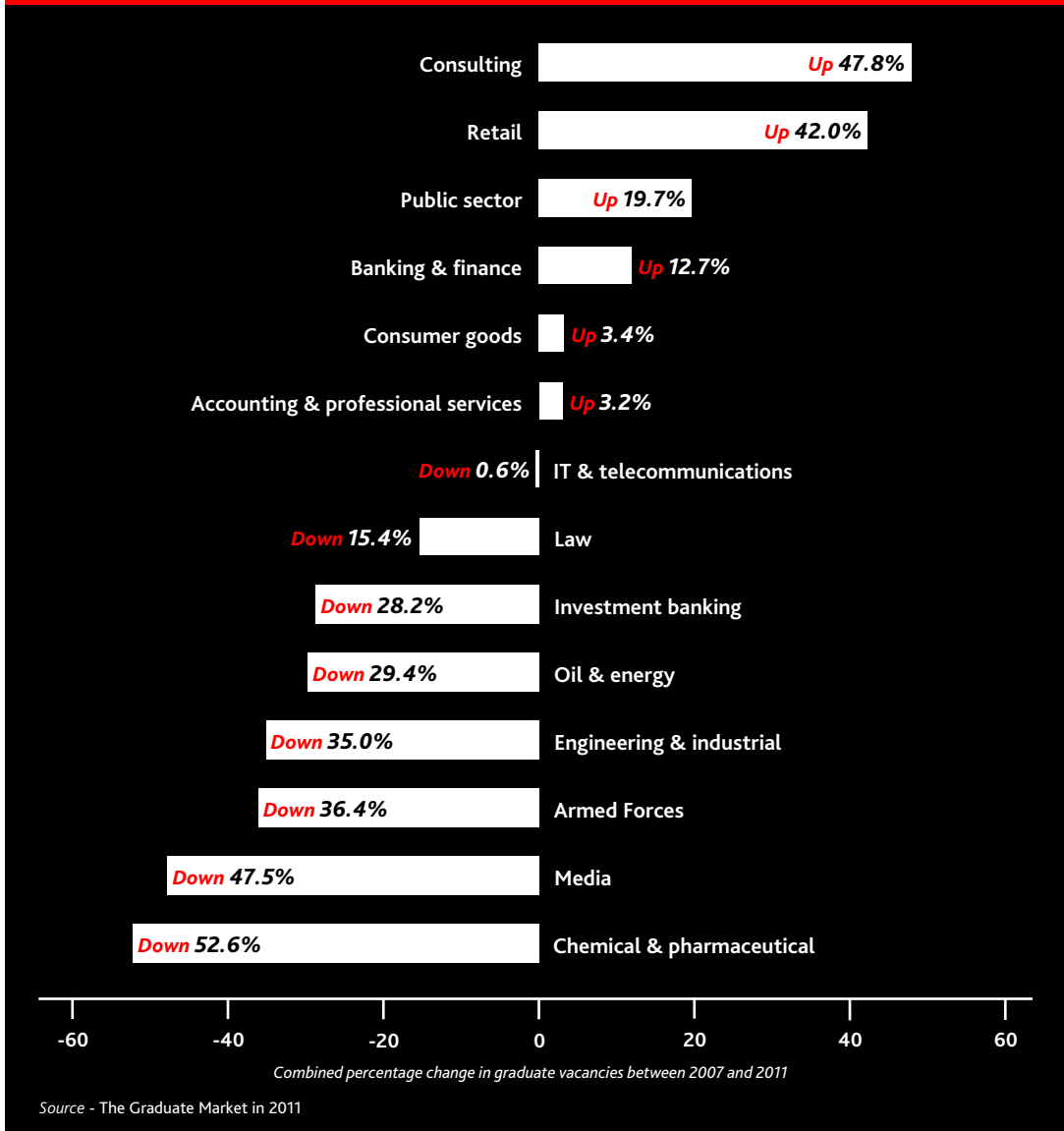


was wiped out in the following two years, and by 2009 graduate recruitment had returned to a similar level to that recorded in 2004.

Although graduate vacancies rose sharply in 2010 and have increased further in 2011, recruitment of university-leavers has yet to return to the pre-recession intake seen in 2007. Comparing the graduate recruitment targets for 2011 with the numbers hired four years ago shows that within eight individual industries and business sectors, graduate vacancies remain lower than before the start of the recession (see *Chart 8*).

This year’s recruitment at the major engineering & industrial and oil & energy employers remains a third lower than in 2007 and there are a quarter fewer entry-level positions at City investment banks, compared with four years ago. By contrast, graduate recruitment at the top management consulting firms and the leading retailers has increased by more than two-fifths during the last four years.

Chart 8 How Graduate Vacancies Changed in 2007 to 2011, by Sector or Industry



Applications for Graduate Jobs in 2011

Three-quarters of the organisations featured in *The Times Top 100 Graduate Employers* provided data about the graduate applications they had processed during the recruitment season in 2009-2010, compared with the number of applicants for graduate roles they had received during 2010-2011.

The results of analysing this data show that many of the UK’s leading graduate employers have seen their application levels increase significantly in 2011 (see *Chart 11*). On average, application numbers have risen by 5 per cent this year, following annual rises of 7 per cent in both 2010 and 2009. Research with final year university students for *The UK Graduate Careers Survey 2011* earlier this year would suggest that much of this increase is due to a rise in the average number of applications made per finalist.

In four key employment sectors – banking & finance, consulting, accounting & professional services and consumer goods – the number of graduate applicants has jumped by between 10 per cent and a third (see *Chart 12*). Just two sectors – law and retail – recorded a drop in applications and applicants for the public sector remained close to 2010 levels.

On average, Britain’s top employers have received 48 applications for each graduate job in 2011 (see *Table 10*), compared with 50 in 2010 (see *Table 9*). Pre-recession in 2008, the figure was 35 applications per vacancy.

This year competition for places has been toughest at consumer goods companies, oil & energy companies, investment banks, high street banks and the retail sector. The lowest application-to-vacancy ratios are for accountancy & professional services firms and the leading law firms.

Because of small sample sizes, data is not available for the Armed Forces, chemical & pharmaceuticals companies, or the IT & telecommunications sector.

Table 9 Applications per Vacancy 2010

	Average
Consumer goods	245.5
Investment banking	82.4
Oil & energy	78.3
Retail	76.6
Public sector	58.3
Engineering & industrial	49.6
Banking & finance	49.1
Consulting	38.6
Law	21.8
Accounting & professional services	18.6
ALL SECTORS	50.2

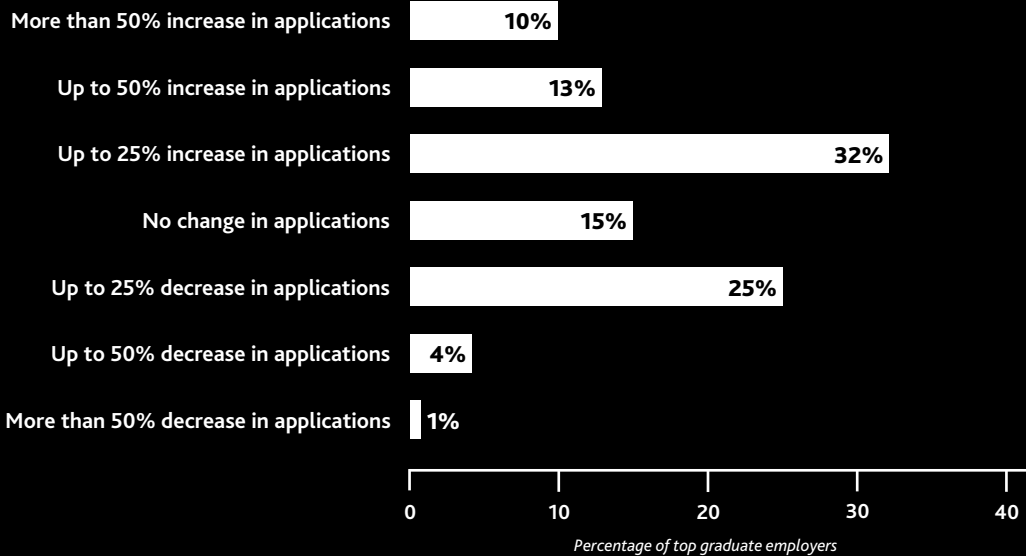
Source - The Graduate Market in 2011

Table 10 Applications per Vacancy 2011

	Average
Consumer goods	204.8
Oil & energy	101.6
Investment banking	77.3
Banking & finance	62.4
Retail	60.3
Public sector	55.3
Engineering & industrial	47.7
Consulting	32.5
Law	20.5
Accounting & professional services	17.7
ALL SECTORS	47.8

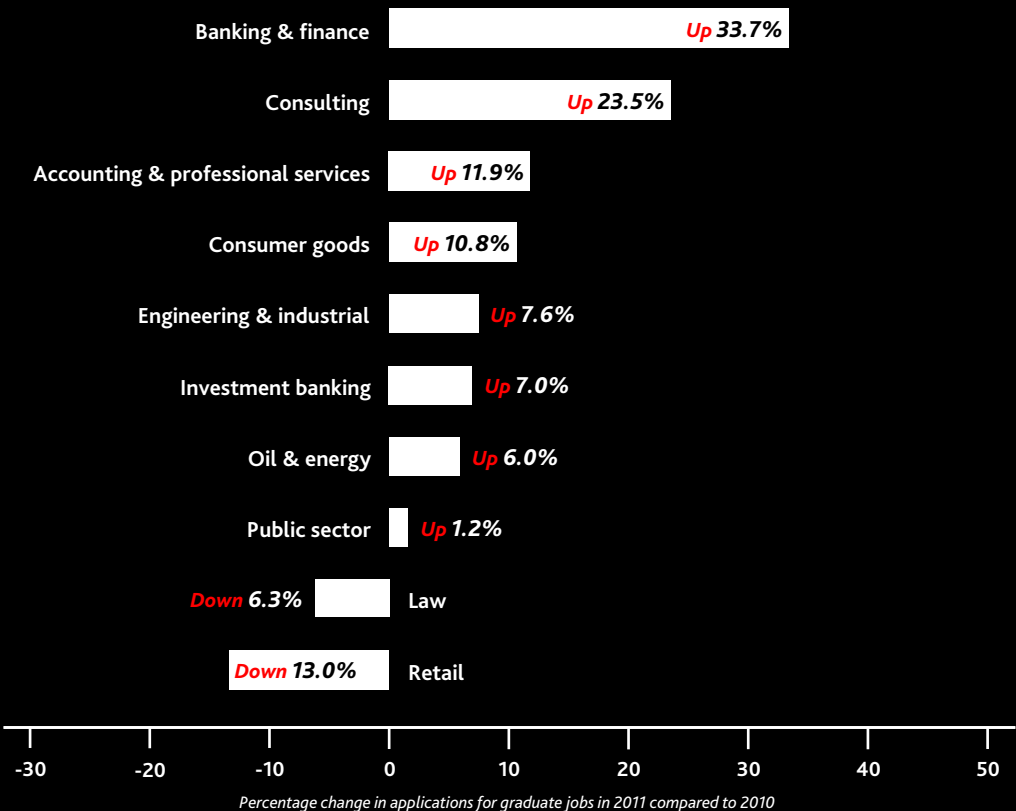
Source - The Graduate Market in 2011

Chart 11 How Applications for Graduate Jobs Changed in 2011



Source - The Graduate Market in 2011

Chart 12 How Applications for Graduate Jobs Changed in 2011, by Sector or Industry



Source - The Graduate Market in 2011

Starting Salaries for Graduates

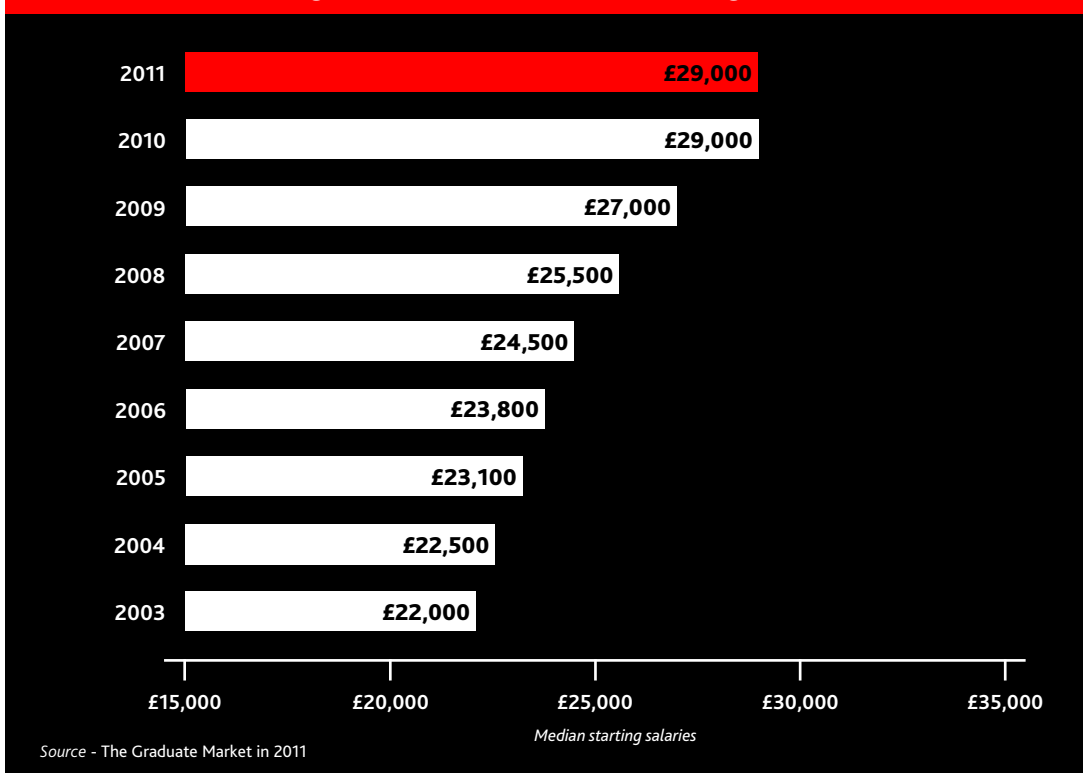
The Graduate Market in 2011 also examines the starting salaries that top employers are planning to pay new graduates who are due to begin work in 2011, compared with salaries paid to graduate recruits who joined their organisations in 2010. The salaries quoted are generally the average national salaries that have been promoted by employers during the 2009-2010 and 2010-2011 recruitment rounds. The figures do not include additional benefits such as relocation allowances, regional weighting, subsidised company facilities or bonus schemes.

The research shows that the average salary for new graduates at Britain’s top employers in 2011 is set to remain at £29,000, the same level as in 2010 (see *Chart 13*), despite the fact that more than two-fifths of graduate employers have increased their starting salaries for this year’s new recruits.

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, starting salaries actually increased by a higher rate, 5.9 per cent year-on-year. And there was a further sharp rise in 2010, largely because of significant increases in the salaries paid by the leading investment banks.

Looking at individual industries and employment areas, the highest-paying UK employers in 2011 are the investment banks and law firms (see *Chart 14*). Although few banks openly publicise their graduate packages, this research confirms that the best-known employers in the City are currently paying between £38,000 and £45,000 to new recruits, substantially more than the rates recorded two years ago.

Chart 13 How Starting Salaries for Graduates have Changed between 2003 and 2011

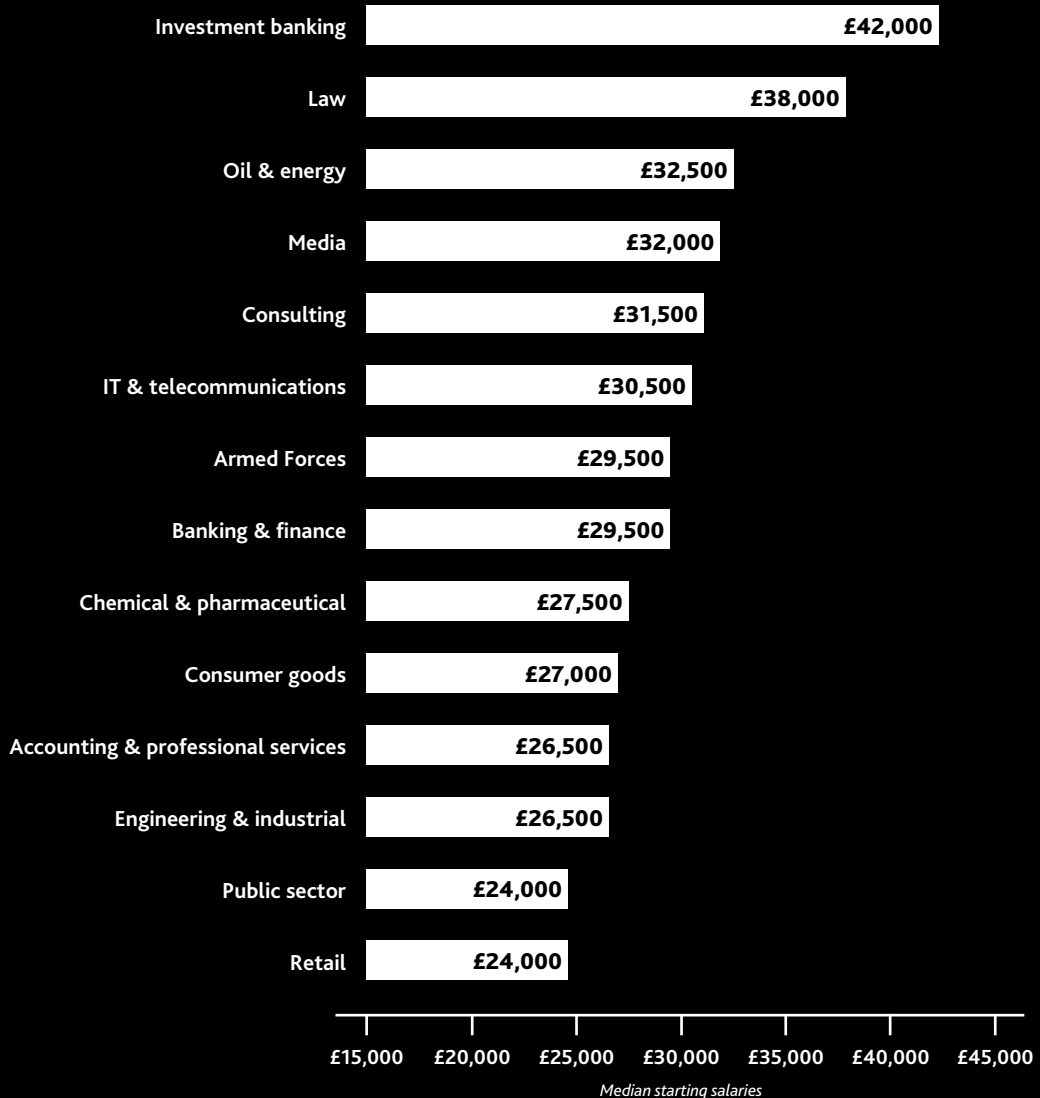


Salaries for graduates joining the legal profession are a median of £38,000 and four other sectors – oil & energy, media, consulting and IT & telecommunications – are offering median salaries in excess of £30,000.

Banking & finance employers 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 £26,500 for 2011.

The lowest graduate starting salaries are for those beginning work with retailers and public sector employers, which each offer average starting salaries of £24,000. This is the fifth consecutive year that these employment areas have appeared at the bottom of the graduate pay chart.

Chart 14 Graduate Salaries at UK Employers in 2011, by Sector or Industry



Source - The Graduate Market in 2011

Summary of Research

This end-of-year update to *The Graduate Market in 2011* is based on a study of graduate recruitment at the UK's best-known and most successful employers, completed by High Fliers Research during June 2011.

The research confirms that graduate vacancies at employers featured in the latest edition of *The Times Top 100 Graduate Employers* have risen in 2011, the second consecutive year that the graduate job market has improved. Vacancies have increased by 5.1% in 2011, following a rise of 12.6% in 2010 and falls of 17.8% in 2009 and 6.7% in 2008.

Competition for the best graduate jobs remains high, with top employers receiving an average of 48 applications per vacancy in 2011, a modest improvement from the 50 applications per vacancy recorded in 2010.

The average graduate starting salary for 2011 remains unchanged at £29,000, the same rate that was paid to new graduates in 2010.

Table 15 Analysis of Graduate Vacancies in 2011, by Industry or Business Sector

Industry or Business Sector	Changes in vacancies in 2011	Applications per vacancy in 2011 (2010)	Median graduate starting salaries in 2011	How salaries have changed since 2010
Accounting & professional services	▲ 17.3%	17.7 (18.6)	£26,500	▲ 1.9%
Armed Forces	▼ 33.8%	-	£29,500	NO CHANGE
Banking & finance	▲ 5.3%	62.4 (49.1)	£29,500	NO CHANGE
Chemical & pharmaceuticals	▼ 8.8%	-	£27,500	▲ 3.8%
Consulting	▲ 39.4%	32.5 (38.6)	£31,500	▲ 1.6%
Consumer goods	▲ 36.0%	204.8 (245.5)	£27,000	NO CHANGE
Engineering & industrial	▲ 4.9%	47.7 (49.6)	£26,500	▲ 1.9%
Investment banking	▲ 7.2%	77.3 (82.4)	£42,000	NO CHANGE
IT & telecommunications	▲ 22.7%	-	£30,500	▲ 3.4%
Law	▲ 3.2%	20.5 (21.8)	£38,000	NO CHANGE
Media	▼ 21.6%	99.8 (106.4)	£32,000	▲ 1.6%
Oil & energy	▼ 16.9%	101.6 (78.3)	£32,500	▲ 4.2%
Public sector	▲ 5.9%	55.3 (58.3)	£24,000	▼ 2.0%
Retailing	▲ 10.9%	60.3 (76.6)	£24,000	NO CHANGE
ALL SECTORS	▲ 5.3%	47.8 (50.2)	£29,000	NO CHANGE

Source - The Graduate Market in 2011