

End-of-Year Update

The Graduate Market in 2012

Introduction

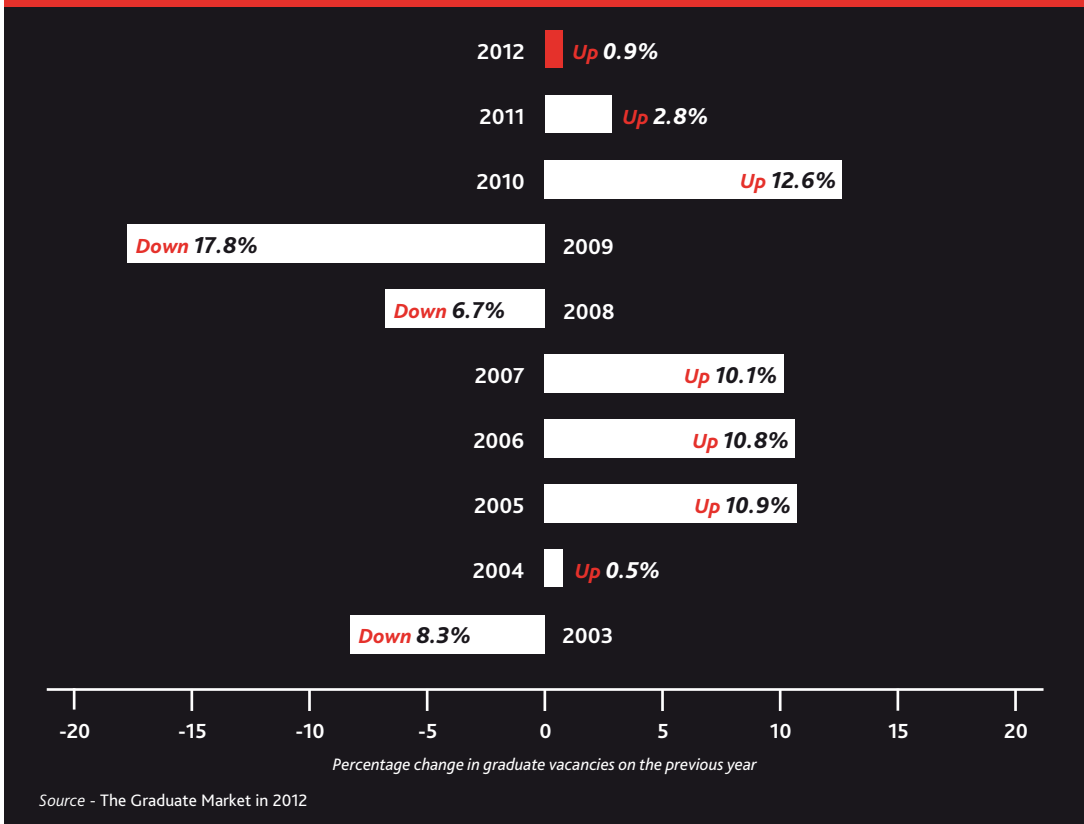
When **The Graduate Market in 2012** report was published in January, it showed that for the third year running, Britain’s best-known and most successful graduate employers were planning to increase their entry-level vacancies in 2012.

For this special end-of-year update, **High Fliers Research** returned in **June 2012** 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 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 2012



Graduate Vacancies in 2012

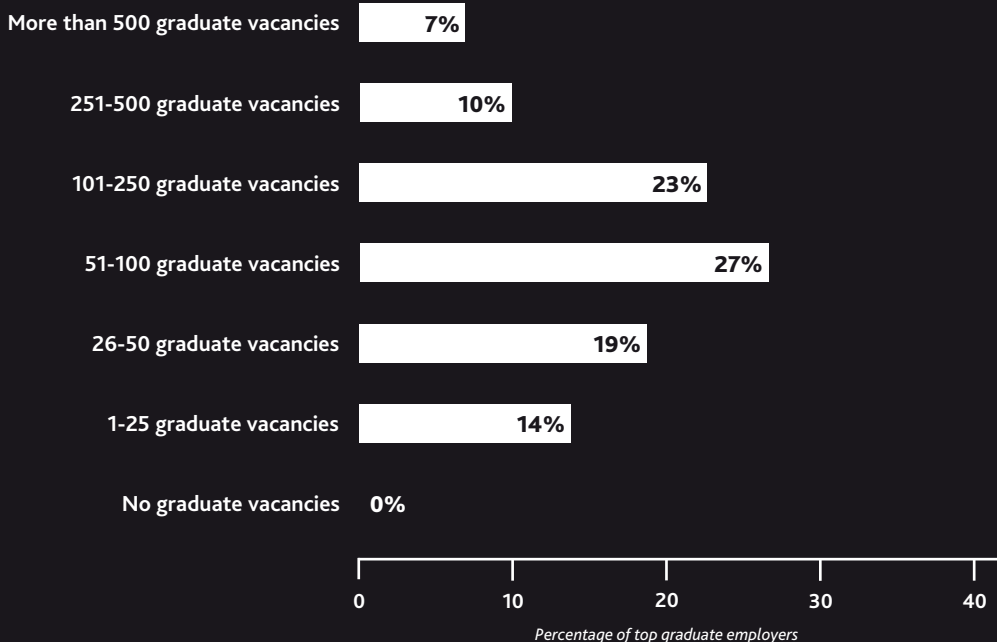
After a sharp surge in graduate vacancies in 2010 and a further modest increase in 2011, it had been hoped in January’s report on *The Graduate Market in 2012* that the prospects for university-leavers would continue to improve in 2012.

The latest assessment shows, however, that employers have recruited just 0.9 per cent more graduates to start work in 2012 than were employed in 2011 (see *Chart 1* on previous page). Recruiters had expected this year’s vacancies to increase by 6.4 per cent when questioned in January.

Despite this cautious outlook, more than two-fifths of employers from *The Times Top 100 Graduate Employers* have expanded their graduate recruitment this year, with fourteen organisations stepping up their recruitment by 25 per cent or more, compared with 2011. A sixth of recruiters have maintained their graduate intake but more than a third have reduced their vacancies this year, with eight organisations reporting that they have cut at least fifty graduate positions from their annual recruitment.

This mixed picture amongst individual employers means that vacancies for graduates have only increased in six of fourteen key employment areas. The most significant growth is at the leading IT & telecommunications companies where vacancies have jumped by more than a third this year (see *Chart 3*). There are a fifth more graduate opportunities in the public sector – amounting to almost 400 extra entry-level positions – in part because of increased recruitment for the Civil Service Fast Stream and the rapid expansion of the Teach First scheme, which has recruited 1,000 graduates for the first time in 2012. There are also more graduate vacancies at engineering & industrial, oil & energy and chemical & pharmaceuticals companies and at the country’s top retailers.

Chart 2 Graduate Vacancies at leading UK Employers in 2012



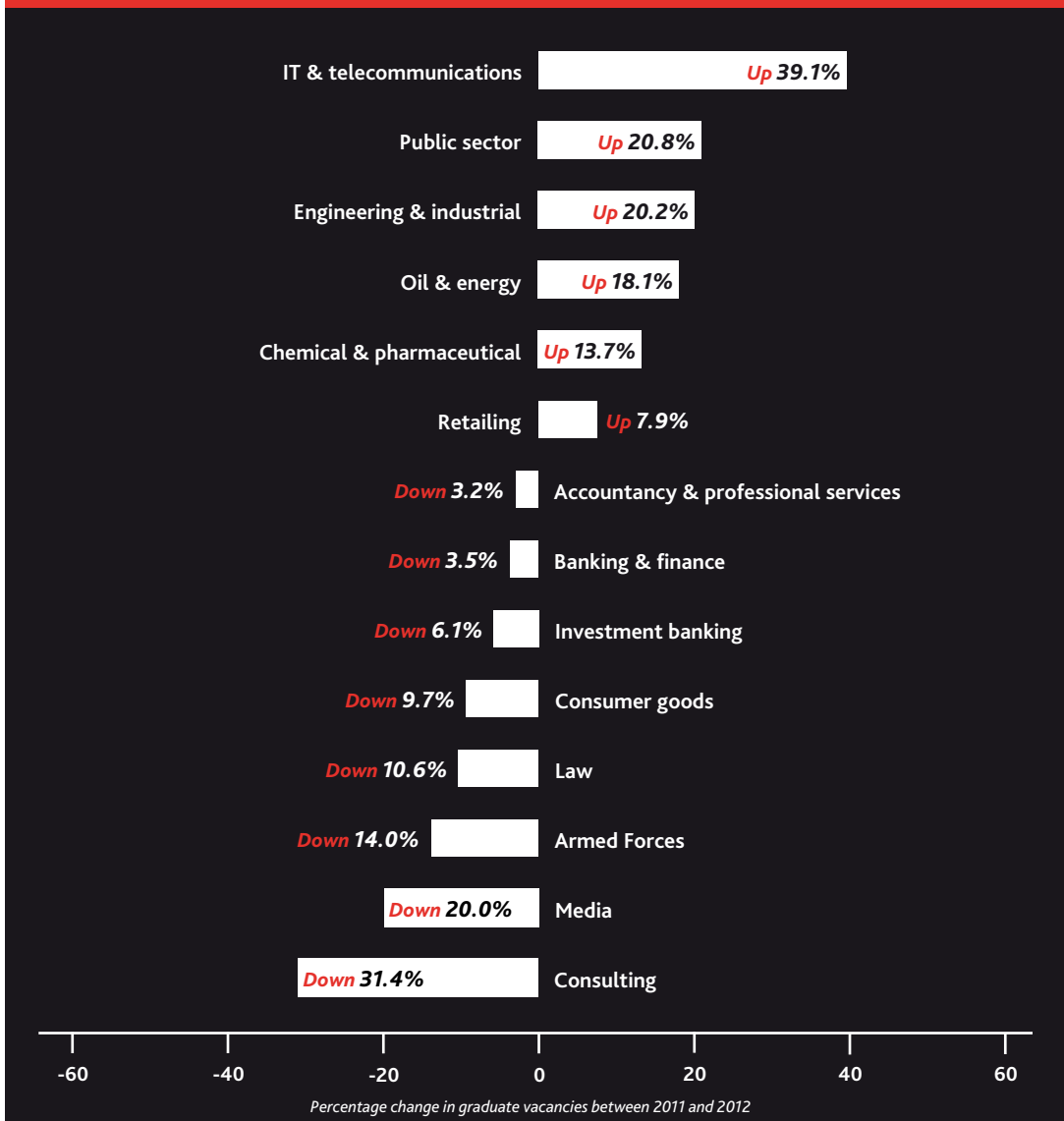
Source - The Graduate Market in 2012

The most substantial cuts in graduate recruitment have been at management consulting firms and media organisations where the graduate intake has been reduced by a fifth or more compared with 2011. Graduate opportunities in the Armed Forces are down by 14 per cent and consumer goods manufacturers have reduced their recruitment by almost 10 per cent.

There are fewer graduate roles too at the top City law firms, investment banks, banking & finance companies and there has been a small reduction in the number of graduates recruited for the accountancy & professional services firms.

Almost all the employers questioned for the research had already completed their 2012 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 2011, by Sector or Industry



Source - The Graduate Market in 2012

Changes to Graduate Recruitment during 2012

In January 2012, *The Graduate Market in 2012* reported that Britain’s leading graduate employers were cautiously optimistic that they would recruit more graduates in 2012 than they had done in 2011. At the start of the 2012 recruitment season in September 2011, recruiters estimated that this would be a 7.8 per cent increase in vacancies. But by January – the mid-point in the recruitment cycle – this forecast had been reduced to 6.4 per cent.

This latest research confirms that the number of graduates recruited this year has in fact been very similar to recruitment in 2011, largely due to reduced vacancy targets in investment banking, accountancy & professional services and banking & finance (see *Chart 4*).

In all, two-fifths of employers downgraded their graduate intake during 2012 (see *Chart 5*) but a quarter of organisations have stepped-up their recruitment since September 2011.

Chart 4 How Graduate Vacancies for 2012 have been Revised, by Sector or Industry

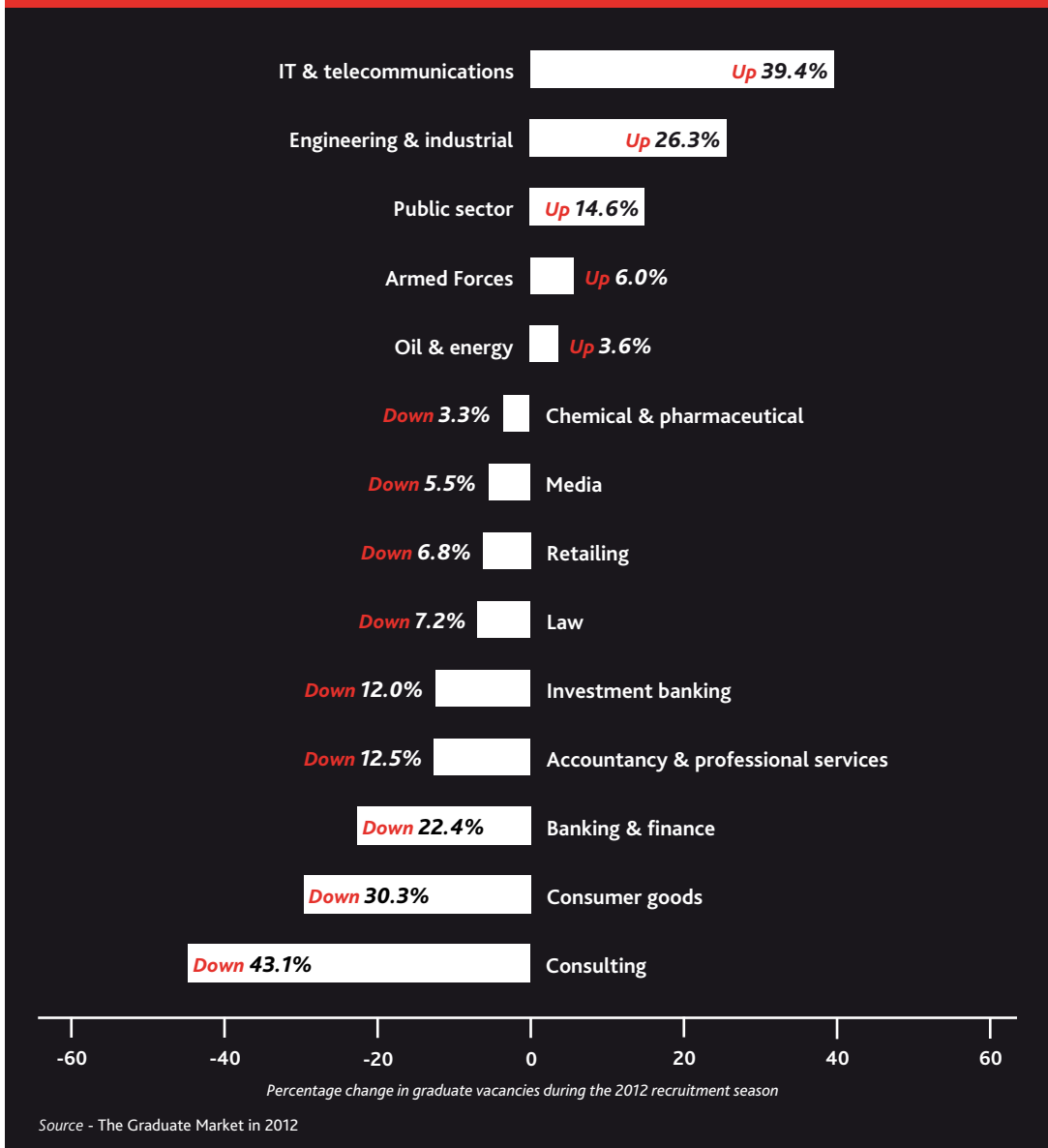
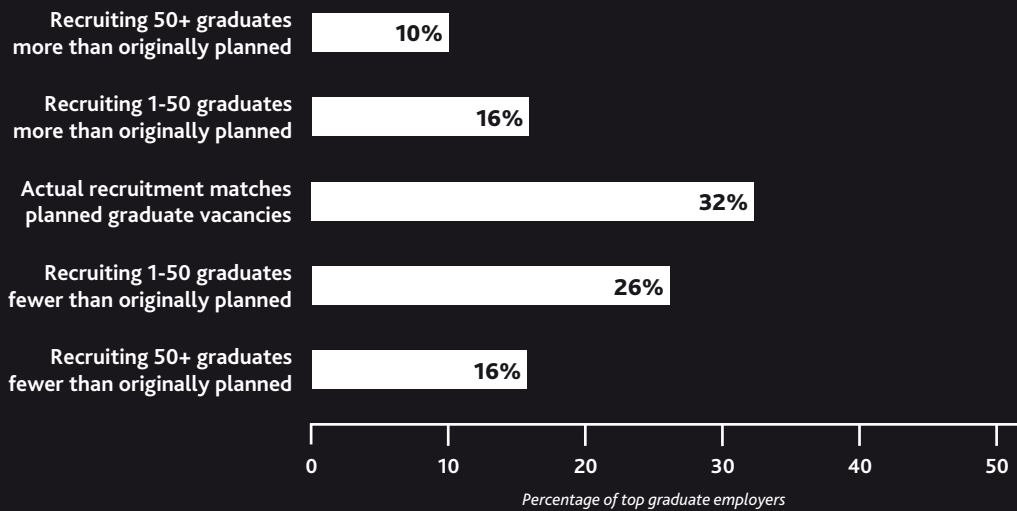


Chart 5 How Employers' Graduate Vacancies for 2012 have been Revised

Source - The Graduate Market in 2012

Table 6 Analysis of Graduate Vacancies in 2012, by Industry or Business Sector

Industry or Business Sector	Actual graduates recruited for 2011, as confirmed in December 2011	Original graduate vacancies for 2012, as published in September 2011	Revised graduate vacancies for 2012, as updated in June 2012	% difference between original vacancies & actual recruitment in 2012	Number of vacancies added (cut) since 2011
Accounting & professional services	4,114	4550	3981	-3.2	(133)
Armed Forces	1,025	832	882	-14	(143)
Banking & finance	1,005	1250	970	-3.5	(35)
Chemical & pharmaceuticals	51	60	58	13.7	7
Consulting	510	615	350	-31.4	(160)
Consumer goods	329	426	297	-9.7	(32)
Engineering & industrial	1,114	1060	1339	20.2	225
Investment banking	2,577	2750	2419	-6.1	(158)
IT & telecommunications	471	470	655	39.1	184
Law	870	838	778	-10.6	(92)
Media	491	416	393	-20	(98)
Oil & energy	531	605	627	18.1	96
Public sector	1,888	1990	2281	20.8	393
Retailing	1,210	1401	1306	7.9	96
ALL SECTORS	16,243	17,513	16,389	-6.4	146

Source - The Graduate Market in 2012

Applications for Graduate Jobs in 2012

Three-quarters of the organisations featured in *The Times Top 100 Graduate Employers* provided data about the graduate applications they had processed during the 2011-2012 recruitment season, compared with the number of applicants for graduate roles they had received during 2010-2011.

This data shows that many of the UK’s leading graduate employers have seen their application levels increase significantly in 2012 (see *Chart 9*). On average, application numbers have risen by 11 per cent this year, following annual rises of five per cent in 2011 and seven per cent in both 2010 and 2009. Research with final year university students for *The UK Graduate Careers Survey 2012* earlier this year would suggest that this increase is due, in part, to a rise in the average number of applications made per finalist.

In three key employment sectors – engineering & industrial, banking & finance and retailing – the number of graduate applicants has jumped by at least a quarter (see *Chart 10*). There were substantial rises too in applications to accounting & professional services firms and public sector organisations. Just three sectors – law, media and oil & energy – recorded a drop in applications and applicants to City investment banks remained close to 2011 levels.

On average, Britain’s top employers have received 52 applications for each graduate job in 2012 (see *Table 8*), compared with 47 in 2011 (see *Table 7*). Pre-recession in 2008, the figure was 35 applications per vacancy.

This year competition for places has been toughest at consumer goods companies, high street banks, the retail sector and investment banks. 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 management consulting firms.

Table 7 Applications per Vacancy 2011

	Average
Consumer goods	133.0
Banking & finance	110.3
IT & telecommunications	102.1
Oil & energy	85.7
Retailing	82.6
Investment banking	70.3
Public sector	59.9
Media	47.3
Engineering & industrial	34.5
Law	30.8
Accounting & professional services	20.5
ALL SECTORS	47.6

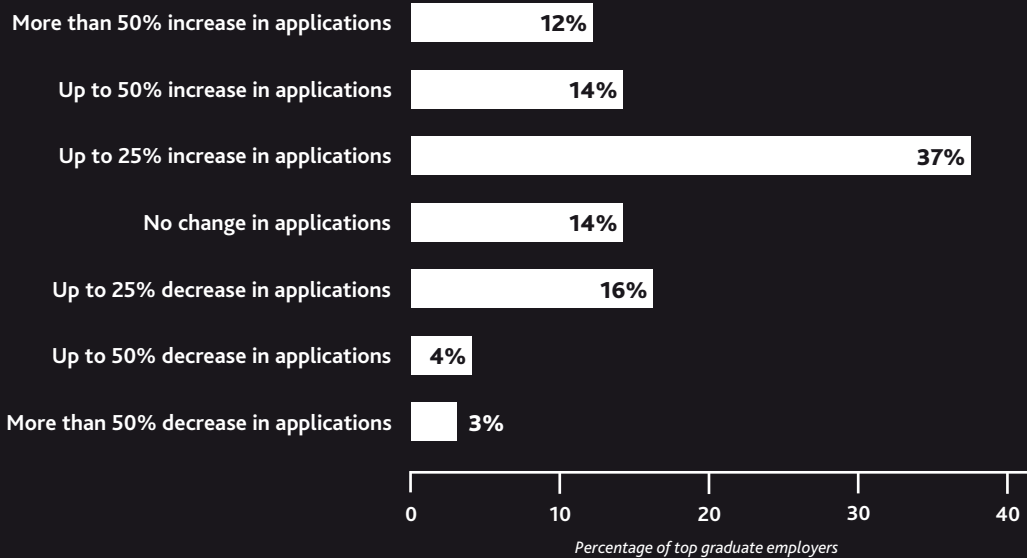
Source - The Graduate Market in 2012

Table 8 Applications per Vacancy 2012

	Average
Consumer goods	163.8
Banking & finance	121.3
Retailing	98.6
Investment banking	81.6
Oil & energy	67.4
IT & telecommunications	58.7
Media	55.9
Public sector	55.2
Engineering & industrial	41.9
Law	33.3
Accounting & professional services	24.6
ALL SECTORS	52.0

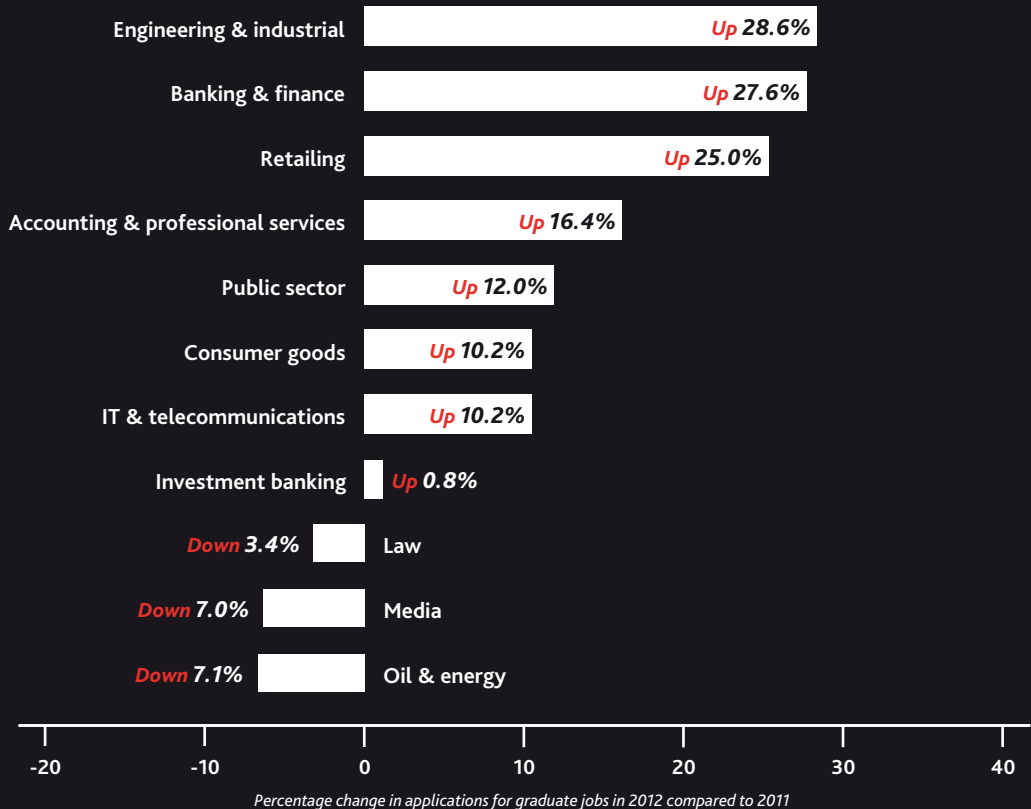
Source - The Graduate Market in 2012

Chart 9 How Applications for Graduate Jobs Changed in 2012



Source - The Graduate Market in 2012

Chart 10 How Applications for Graduate Jobs Changed in 2012, by Sector or Industry



Source - The Graduate Market in 2012

Employers' Application & Selection Processes

The research also examined the application and selection processes used by organisations featured in *The Times Top 100 Graduate Employers* during the 2011-2012 graduate recruitment season.

The results show that virtually all of the UK's leading employers now require their graduate applicants to meet minimum academic standards (see *Chart 11*). More than two-thirds of recruiters insist on a 2.1 degree, whilst a quarter specify a minimum UCAS tariff for candidates, typically in the range of 240 to 320 (equivalent to 'CCC' to 'ABB' at A-level). Just one in five employers are happy to accept applicants with a 2.2 degree.

Almost every major employer uses an online application form at the start of their graduate selection process but a quarter of recruiters will accept an emailed CV with a covering letter (see *Chart 12*). More than four-fifths use some form of aptitude tests (such as verbal or abstract reasoning, numeracy etc) but fewer rely on personality or psychometric questionnaires.

The majority of graduate recruiters use competency or behavioural-based interviews but up to a third conduct skills-based or strengths-based assessments. More than half of employers interviewed candidates by telephone during the 2012 recruitment round, either as part of the pre-screening process or the first-round interview.

At selection centre stage, three-quarters of employers assessed applicants through group exercises and more than half used presentations. Other popular elements were case studies, written exercises and role plays. Just one in eight recruiters included a dinner, drinks reception or other social occasion where candidates were assessed.

Interestingly, fewer than half of graduate employers said they pursued reference checks and only a third conducted other forms of background checks on their graduate recruits. One in five employers insisted on a medical assessment and eight organisations required graduates to have security clearance.

Chart 11 Minimum Academic Requirements at the UK's Top Employers in 2012

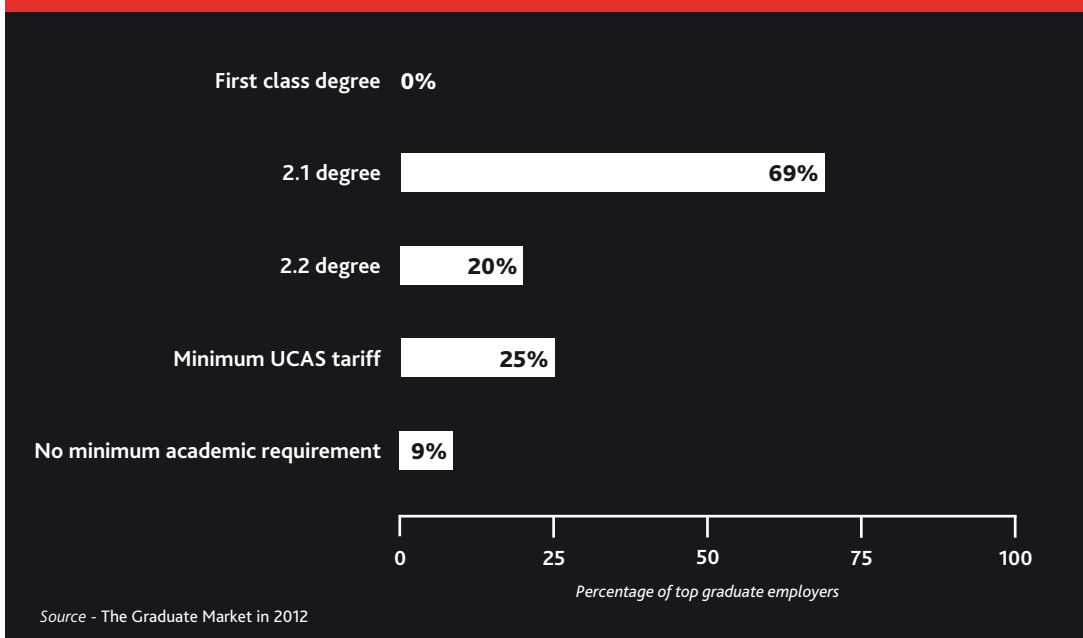
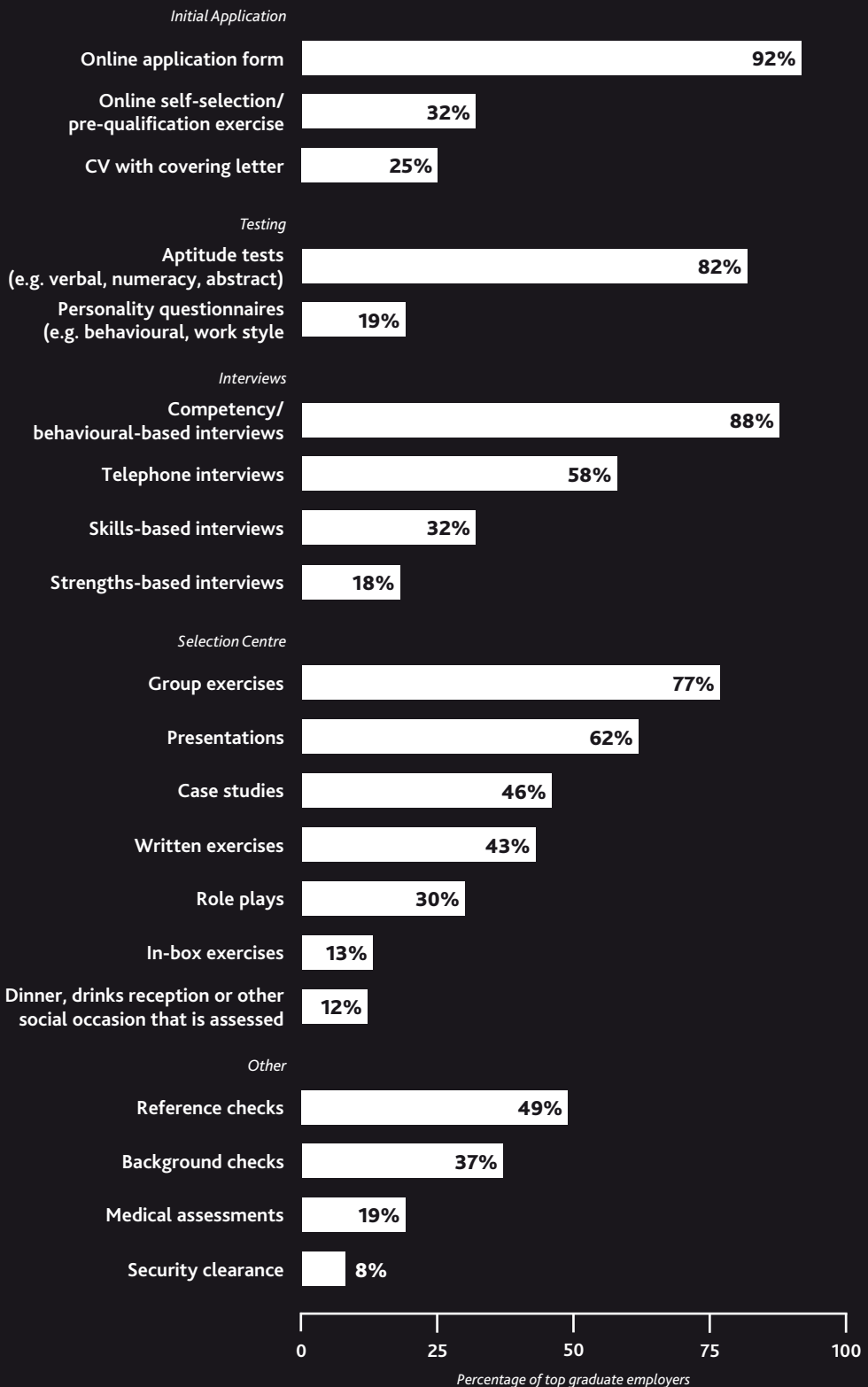


Chart 12 Assessment & Selection Used by the UK's Top Employers in 2012



Source - The Graduate Market in 2012

Starting Salaries for Graduates

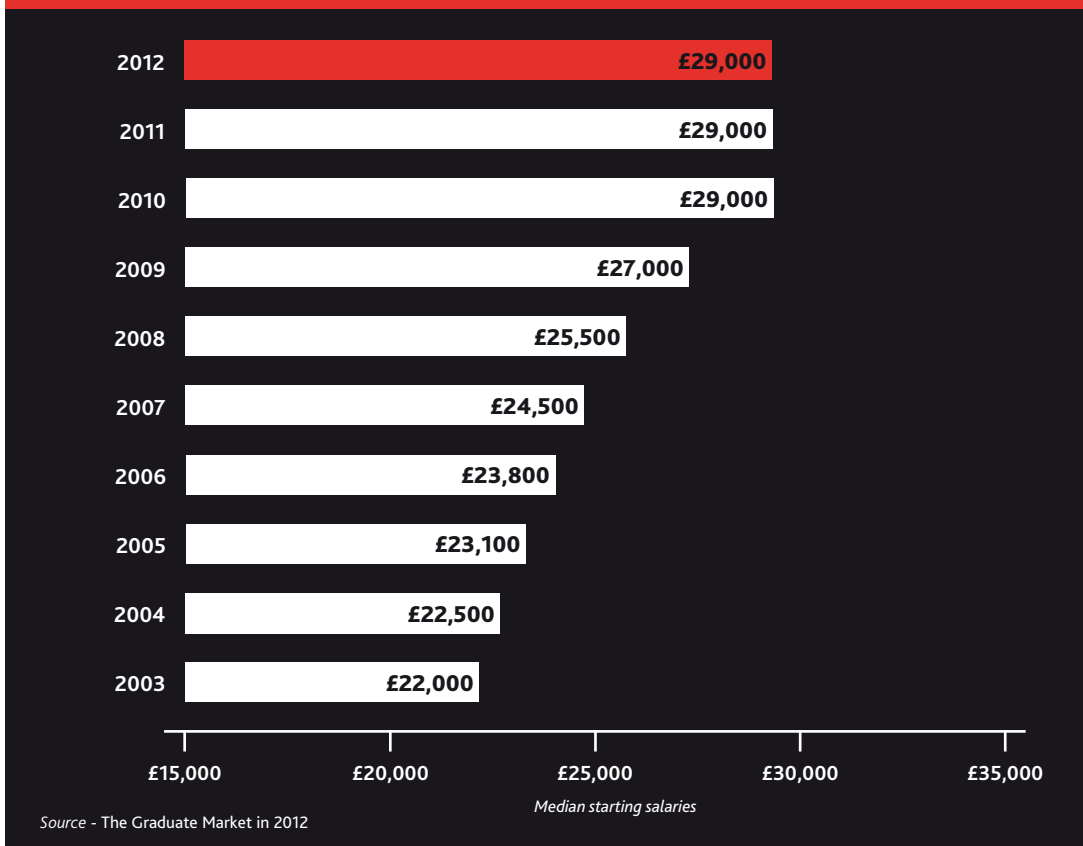
The Graduate Market in 2012 also examines the starting salaries that top employers are planning to pay new graduates who are due to begin work in 2012, compared with salaries paid to graduate recruits who joined their organisations in 2011. The salaries quoted are generally the average national salaries that have been promoted by employers during the 2010-2011 and 2011-2012 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 2012 is set to remain at £29,000, the same level as in 2011 and 2010 (see *Chart 13*). A third 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.

Within individual industries and employment areas, the highest-paying UK employers in 2012 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 currently paying between £38,000 and £48,000 to new recruits.

Chart 13 How Starting Salaries for Graduates have Changed between 2003 and 2012

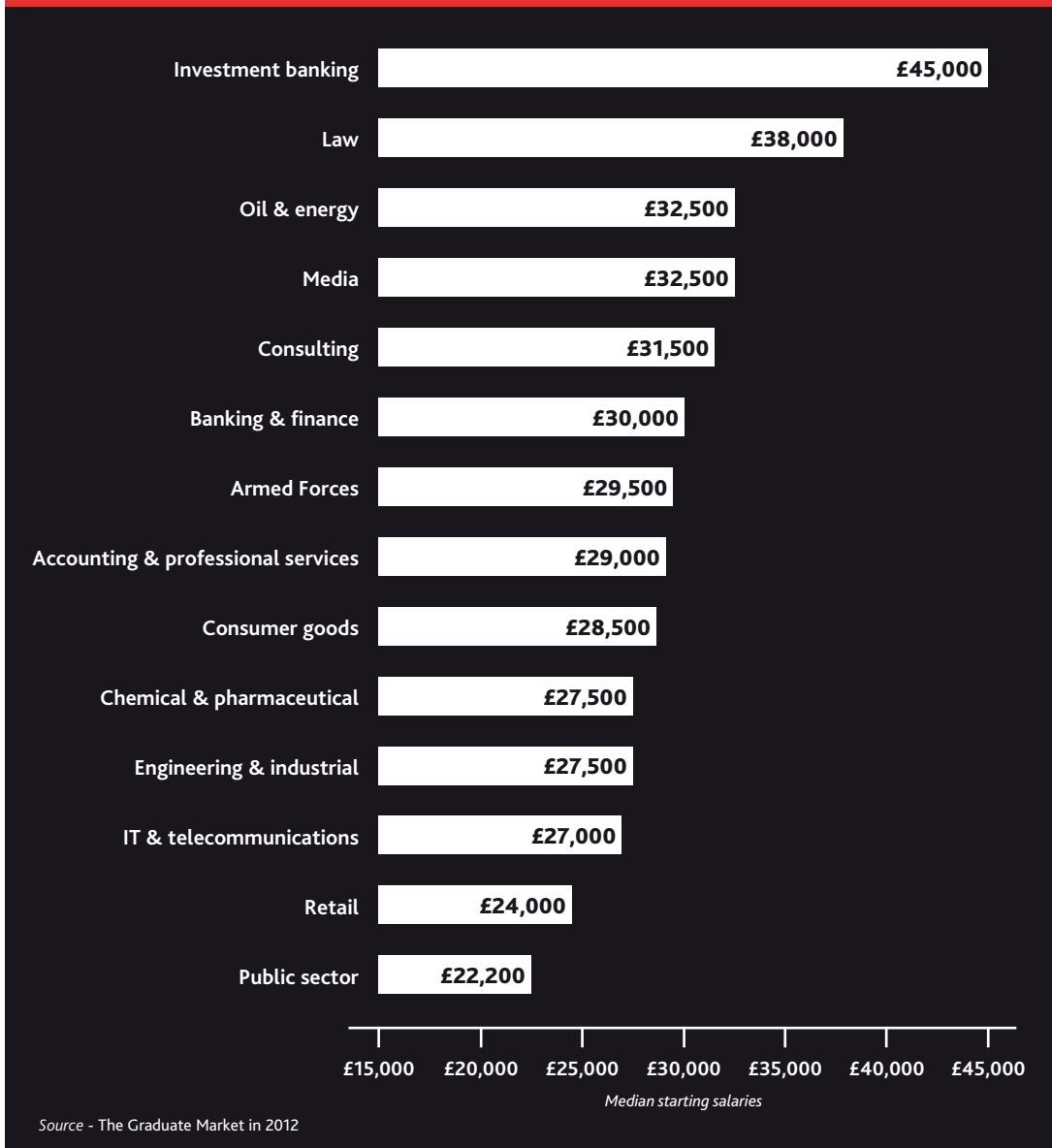


The top City law firms are paying median graduate starting salaries of £38,000 and four other sectors – oil & energy, media, consulting and banking & finance – are offering median salaries in excess of £30,000. The Armed Forces and accounting & professional services firms are also set to pay salaries at or above the national median of £29,000.

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

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

Chart 14 Graduate Salaries at UK Employers in 2012, by Sector or Industry



Changes in Graduate Recruitment during the Recession & Beyond

The global financial crisis 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 per cent 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.

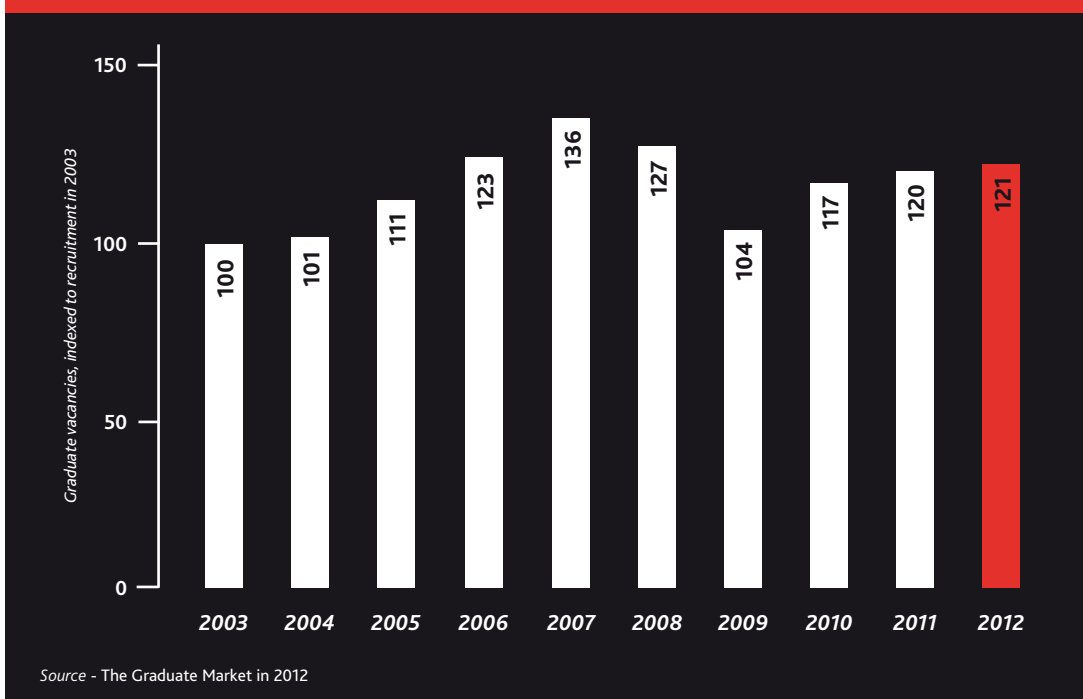
There were sharp falls too in recruitment at consumer goods manufacturers, engineering & industrial employers, oil & energy companies and accounting & professional services firms – graduate vacancies dropped by between a quarter and a third in each sector between 2007 and 2009.

Just one employment area – the public sector – managed to increase its graduate intake over the period, increasing vacancies by 44.9 per cent 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 ten years since the end of the last economic downturn in 2003 (see *Chart 15*). This indexing of vacancies shows that during the four recruitment seasons between 2004 and 2007, opportunities for

Chart 15 Indexing Graduate Vacancies at the UK's Top Employers 2003 to 2012

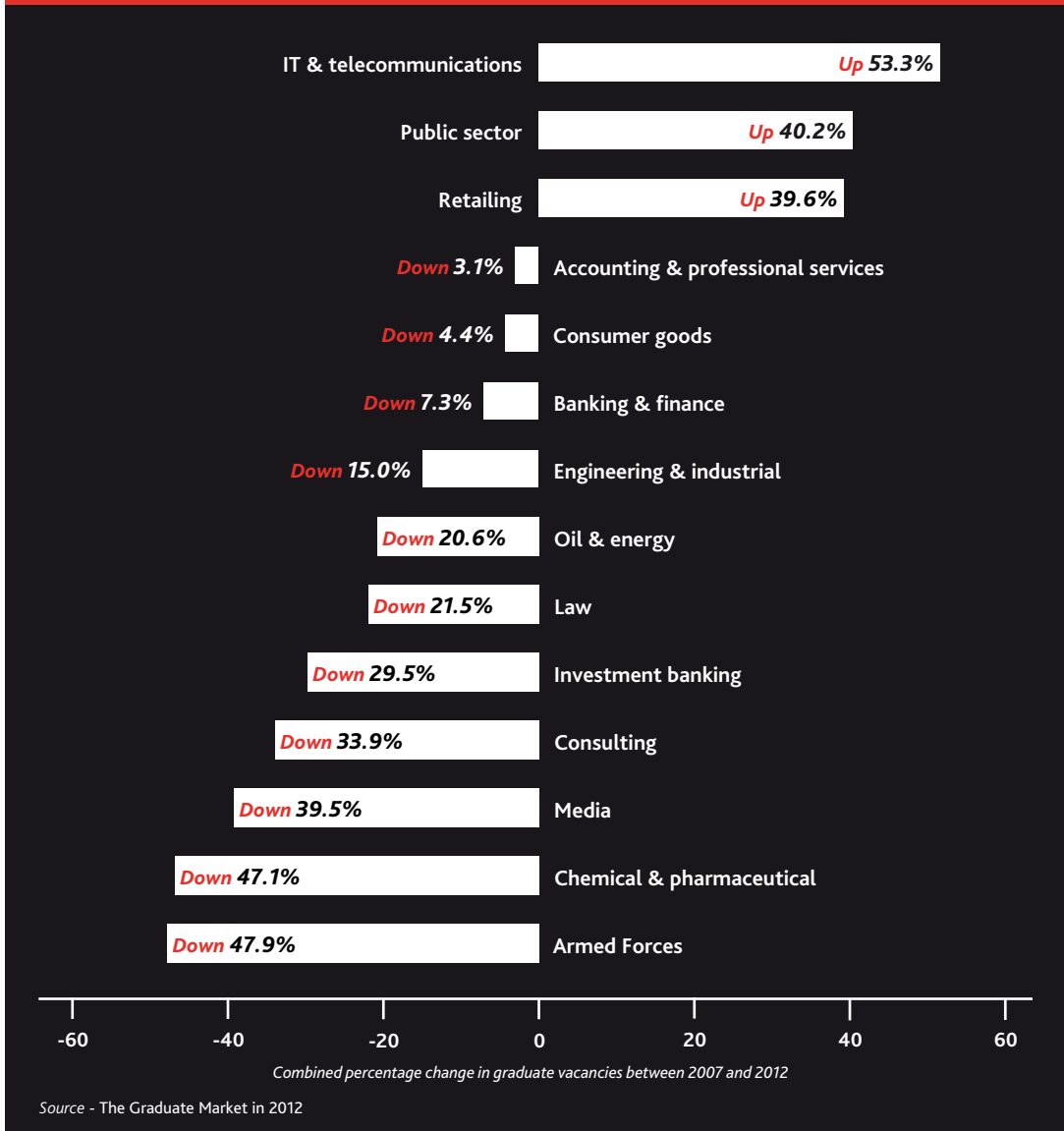


graduates grew by more than a third at Britain’s top employers. Virtually all of this growth was wiped out in the following two years, and by 2009 graduate recruitment had returned to a similar level to that recorded in 2004.

Although graduate vacancies rose sharply in 2010 and increased further in 2011 and 2012, recruitment of university-leavers has yet to return to the pre-recession intake seen in 2007. Comparing the graduate recruitment targets for 2012 with the numbers hired five years ago shows that within eleven of fourteen individual industries and business sectors, graduate vacancies remain lower than before the start of the recession (see *Chart 16*).

There are a fifth fewer training places available at the leading law firms and almost a third fewer entry-level positions at City investment banks, compared with five years ago. By contrast, graduate recruitment in the public sector and the leading retailers has increased by around two-fifths since 2007.

Chart 16 Changes to Graduate Vacancies 2007 to 2012, by Industry or Business Sector



Outlook for Graduate Recruitment in 2013

The research concluded with an assessment of the likely graduate vacancies on offer from the country’s leading employers in 2013.

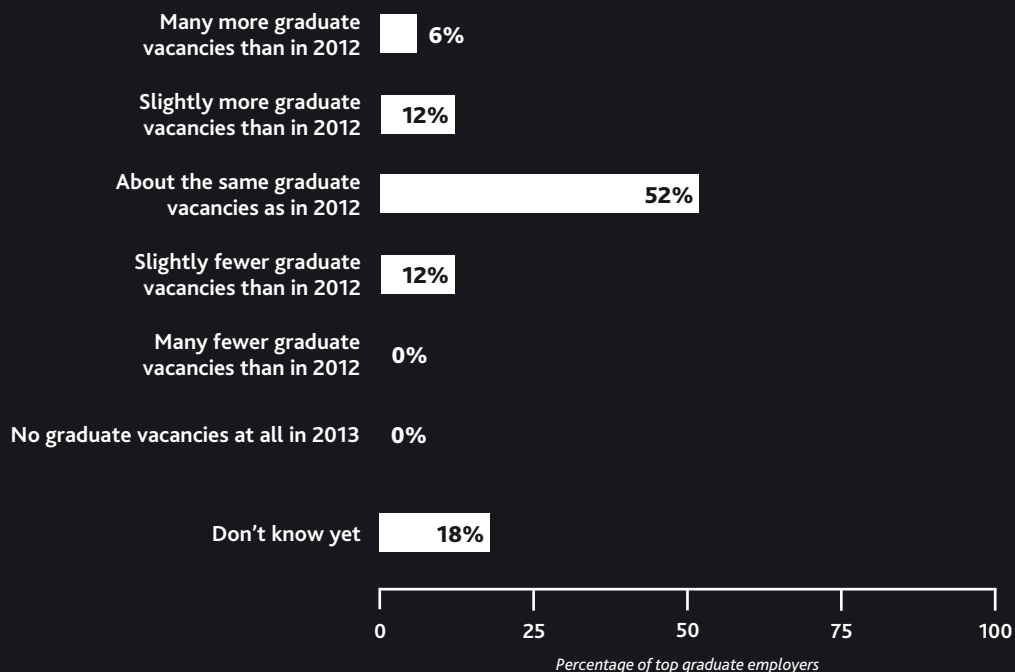
The results show that the majority of organisations expect to hire a similar number of graduates next year as they did in 2012 (see *Chart 17*). Only around one in six employers is confident that they will be increasing their graduate intake in 2013, whilst twelve organisations – including several City law firms, banks and one of the ‘Big Four’ accountancy firms – expect to take on ‘slightly fewer’ university-leavers in the year ahead.

Asked about their priorities and challenges for the 2012-2013 graduate recruitment season, more than half of recruiters confirmed that they would be focusing on increasing their profile on campus and improving students’ perceptions of their organisation (see *Chart 18*). Similar numbers felt they needed to increase the quality of the graduates they recruited.

More than a third of graduate recruiters were worried that they would have a limited marketing budget for the coming year or that they wouldn’t have sufficient resources in their graduate recruitment team. Many employers are keen to improve the speed and efficiency of their graduate selection process and almost two-fifths of recruiters feared increased competition from other employers in 2012-2013. One in five employers said they would be trying to reduce the total number of application they received.

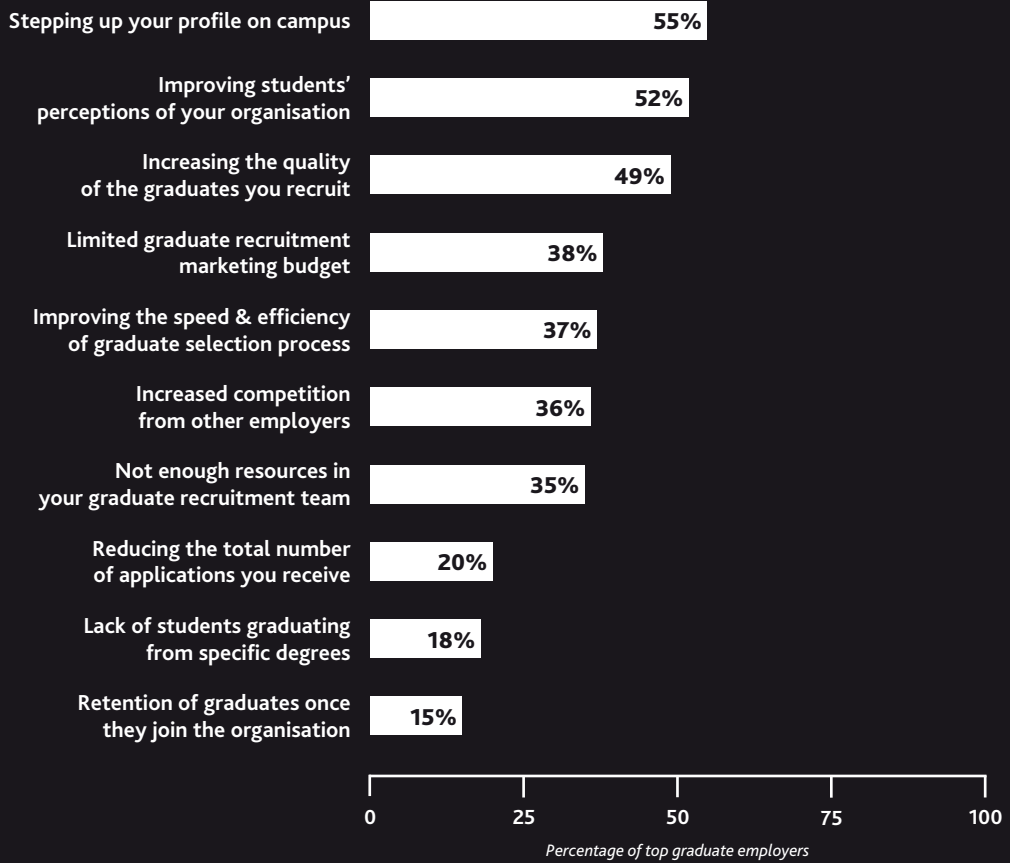
Few graduate employers believed that their graduate recruitment budgets would be increased in 2012-2013 (see *Chart 19*). More than three-fifths thought they would have a similar amount to spend in the coming year, twelve organisations expected their budget would ‘increase a little’ but twenty-six employers were resigned to spending cuts for the year ahead.

Chart 17 Likely Graduate Vacancies at the UK’s Leading Employers in 2013



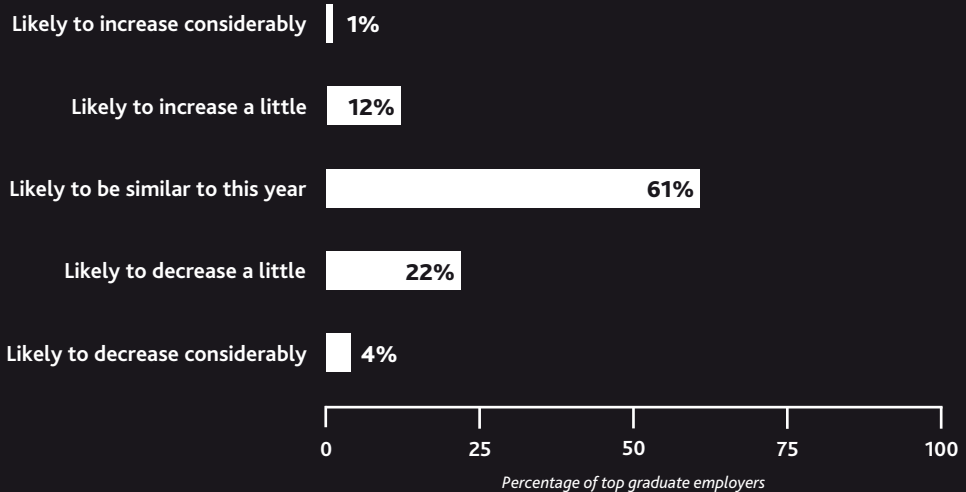
Source - The Graduate Market in 2012

Chart 18 Graduate Employers' Challenges & Priorities for 2012-2013



Source - The Graduate Market in 2012

Chart 19 How Employers Recruitment Budgets are expected to Change in 2012-2013



Source - The Graduate Market in 2012

Summary of Research

This end-of-year update to *The Graduate Market in 2012* 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 2012.

The research confirms that graduate vacancies at employers featured in the latest edition of *The Times Top 100 Graduate Employers* have risen very slightly in 2012, an annual increase of less than one per cent. Vacancies increased by 2.8 per cent in 2011 and 12.6 per cent in 2010, following falls of 17.8 per cent in 2009 and 6.7 per cent in 2008.

Application levels for the best graduate jobs remain high, with top employers receiving an average of 52 applications per vacancy in 2012, a small increase from the 47 applications per vacancy recorded in 2011.

The average graduate starting salary for 2012 remains unchanged at £29,000, the same rate that was paid to new graduates in 2011 and 2010.

Table 20 Analysis of Graduate Recruitment in 2012, by Industry or Business Sector

Industry or Business Sector	Changes in vacancies in 2012	Applications per vacancy in 2012 (2011)	Median graduate starting salaries in 2012	How salaries have changed since 2011
Accounting & professional services	▼ 3.2%	24.6 (20.5)	£29,000	▲ 3.5%
Armed Forces	▼ 14.0%	-	£29,500	NO CHANGE
Banking & finance	▼ 3.5%	121.3 (110.3)	£30,000	NO CHANGE
Chemical & pharmaceuticals	▲ 13.7%	-	£27,500	NO CHANGE
Consulting	▼ 31.4%	-	£31,500	NO CHANGE
Consumer goods	▼ 9.7%	163.8 (133.0)	£28,500	▲ 3.3%
Engineering & industrial	▲ 20.2%	41.9 (34.5)	£27,500	▲ 3.8%
Investment banking	▼ 6.1%	81.6 (70.3)	£45,000	▲ 7.1%
IT & telecommunications	▲ 39.1%	58.7 (102.1)	£27,000	NO CHANGE
Law	▼ 10.6%	33.3 (30.8)	£38,000	NO CHANGE
Media	▼ 20.0%	55.9 (47.3)	£32,500	▲ 1.6%
Oil & energy	▲ 18.1%	67.4 (85.7)	£32,500	NO CHANGE
Public sector	▲ 20.8%	55.2 (59.9)	£22,200	NO CHANGE
Retailing	▲ 7.9%	98.6 (82.6)	£24,000	NO CHANGE
ALL SECTORS	▲ 0.9%	52.0 (47.6)	£29,000	NO CHANGE

Source - The Graduate Market in 2012