

End-of-Year Review

The Graduate Market in 2013

Introduction

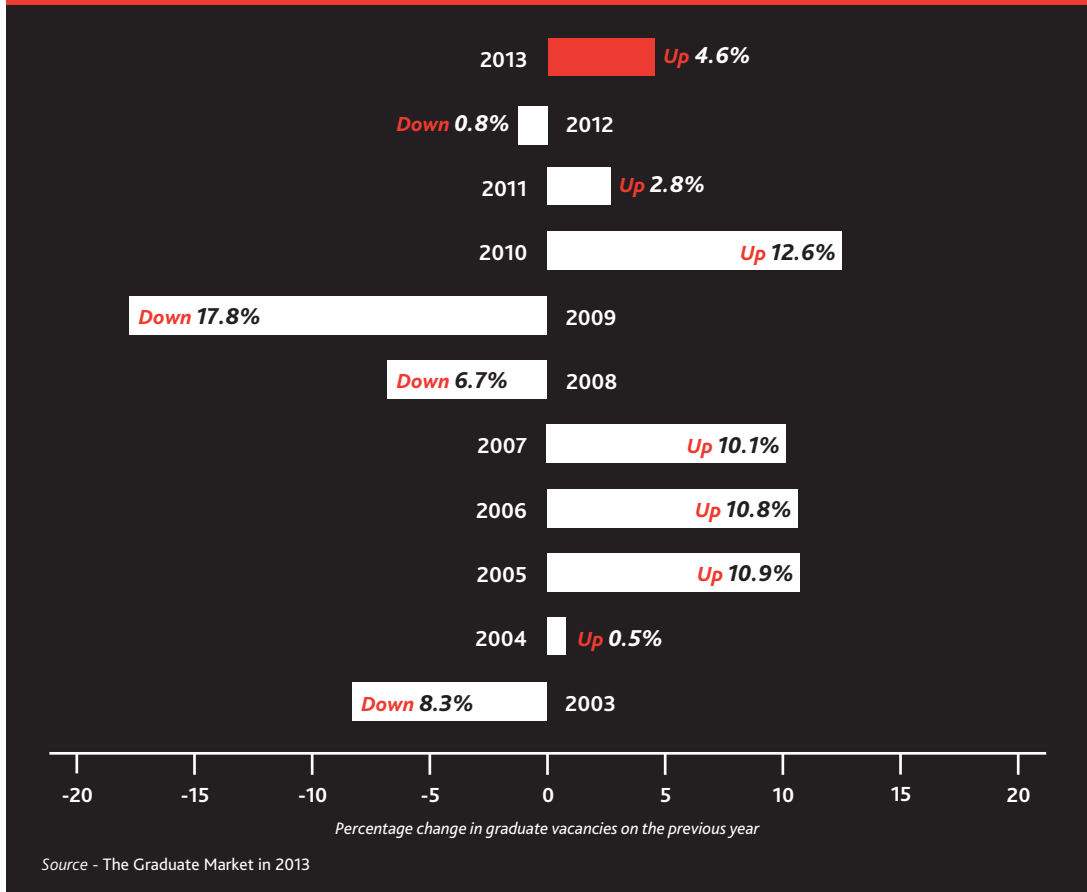
The **Graduate Market in 2013** report, published in January, showed that Britain’s best-known and most successful graduate employers were expecting a modest increase in their graduate recruitment in 2013.

For this special end-of-year review, **High Fliers Research** returned in **June 2013** 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 league table of Britain’s most sought-after employers, researched from a poll of over 18,000 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* conducted annually by High Fliers Research at thirty leading universities.

Chart 1 How Job Vacancies for Graduates have Changed between 2003 and 2013



Graduate Vacancies in 2013

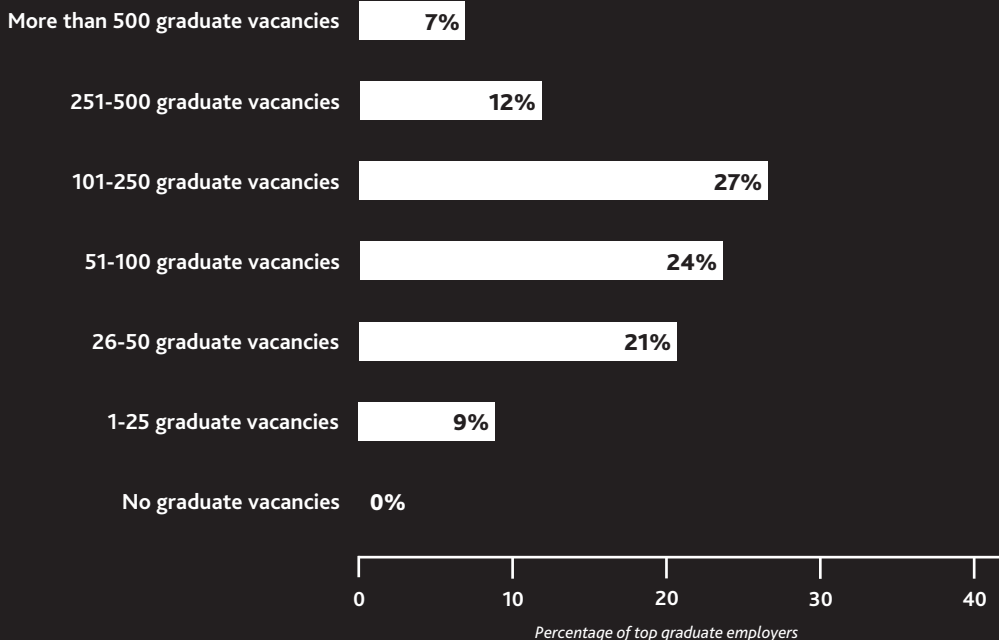
The *Graduate Market in 2013* report, published earlier this year, showed that after graduate vacancies at Britain’s leading employers stalled in 2012, the prospects for university-leavers were likely to improve in 2013, with employers expecting to take on a small number of extra graduates during the current recruitment round.

The latest assessment shows that employers have exceeded these expectations and have actually recruited 4.6 per cent more graduates to start work in 2013, compared with the numbers employed in 2012 (see *Chart 1* on previous page).

Half the employers from *The Times Top 100 Graduate Employers* have expanded their graduate recruitment this year, with twenty-four organisations stepping up their recruitment by at least 20 extra graduate positions, compared with 2012. A fifth of recruiters have maintained their graduate intake but a third have reduced their vacancies this year, with six organisations reporting that they have cut more than fifty graduate positions from their annual recruitment.

Year-on-year vacancies for graduates have increased in nine of thirteen key employment areas. In percentage terms, the most significant growth is at the consumer goods and media companies (see *Chart 3*), but both of these sectors only recruited a small number of graduates in 2012. There has been a substantial increase in graduate vacancies at engineering & industrial companies, public sector organisations and the Armed Forces – amounting to more than 800 extra entry-level positions this year – helped by an unusually high graduate intake at the Civil Service Fast Stream and the continuing expansion of the Teach First scheme, which has recruited almost 1,300 graduates this year. There are also extra vacancies at the top law firms, investment banks and accounting & professional services firms.

Chart 2 Graduate Vacancies at leading UK Employers in 2013



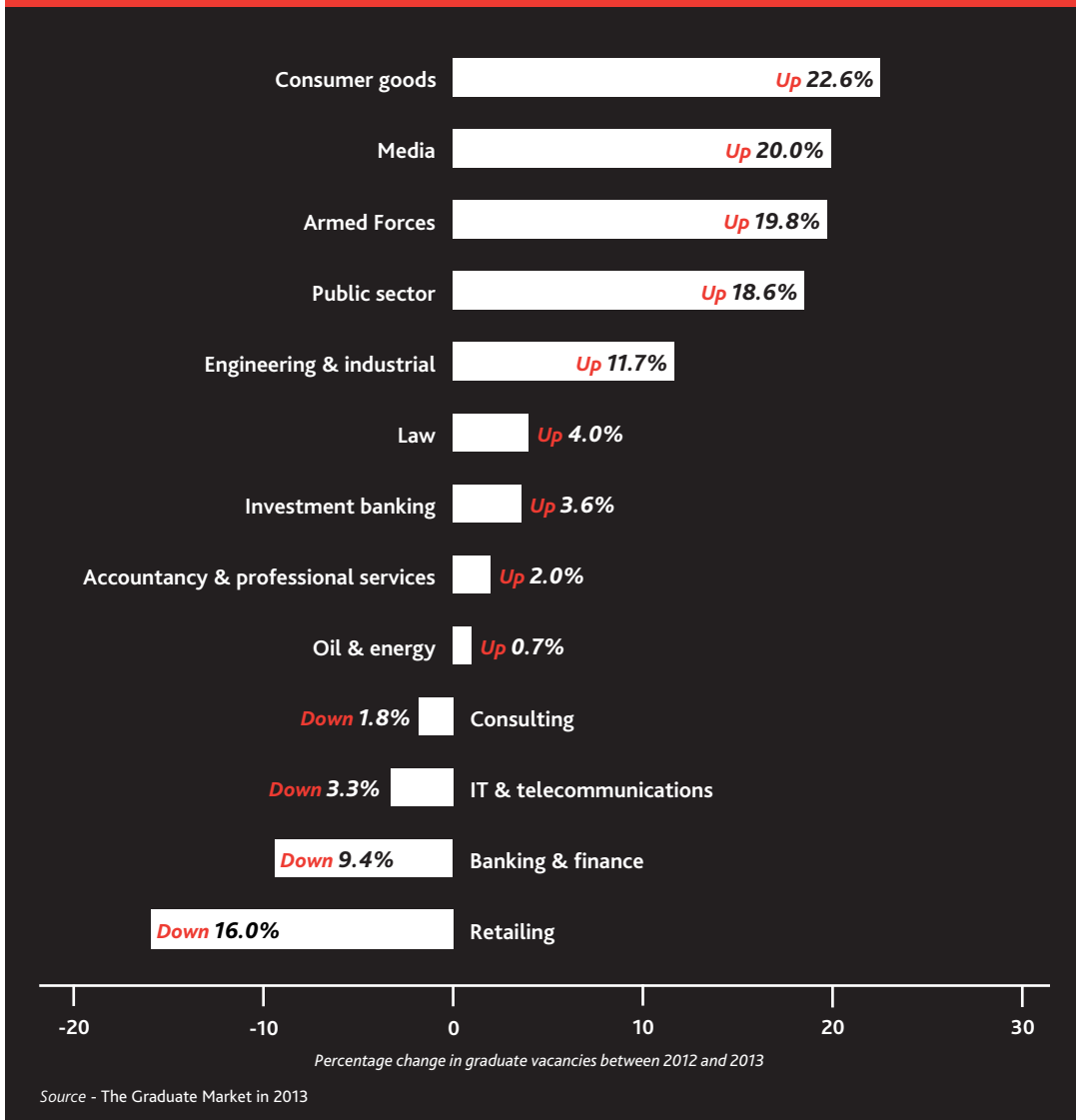
Source - The Graduate Market in 2013

There are fewer graduate roles on offer in retailing and at the leading high street banks this year and there has been a small reduction in the number of opportunities at IT & telecommunications companies and consulting firms.

Almost all the employers questioned for the research had already completed their 2013 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. Several of the largest graduate employers are already preparing to open applications for their 2014 recruitment round.

These latest results mark a welcome improvement in the graduate job market and suggest that graduate recruitment at the leading employers is now at its highest level for five years. Vacancies increased sharply in 2010 and 2011 – when the number of graduate jobs rose by almost 16 per cent – but employers cut their entry-level vacancies by 0.8 per cent in 2012.

Chart 3 How Graduate Vacancies have Changed since 2012, by Sector or Industry



Changes to Graduate Recruitment during 2013

When *The Graduate Market in 2013* report was produced in January 2013, it showed that Britain’s leading graduate employers were expecting to increase their entry-level vacancies by 2.7 per cent for 2013, compared with their graduate intake in 2012.

This latest research confirms that the total number of graduates recruited this year has in fact increased further and that vacancy targets in eight key industries and business sectors have been stepped-up since January (see *Chart 4*). There are, however, fewer graduate vacancies than expected in retail, banking & finance and IT & telecommunications.

More than a third of employers have expanded their 2013 graduate vacancies over the last six months (see *Chart 5*) and overall, the number of vacancies on offer to graduates in 2013 has expanded by 1.9 per cent since the beginning of the year (see *Table 6*). This is a marked contrast with the previous two recruitment seasons, when employers’ January graduate vacancy targets were subsequently downgraded later in the year in both 2012 and 2011.

Chart 4 How Graduate Vacancies for 2013 have been Revised, by Sector or Industry

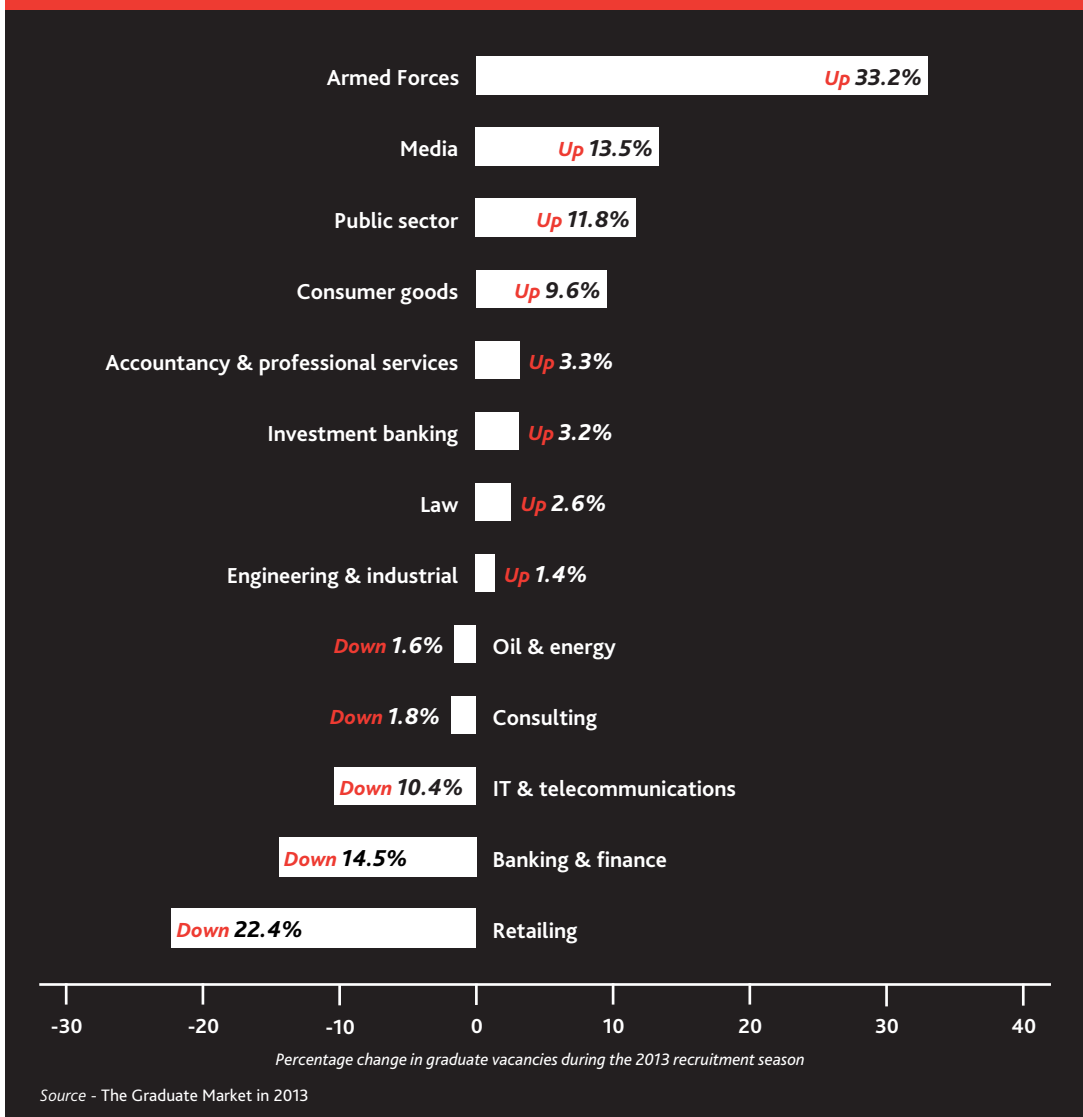
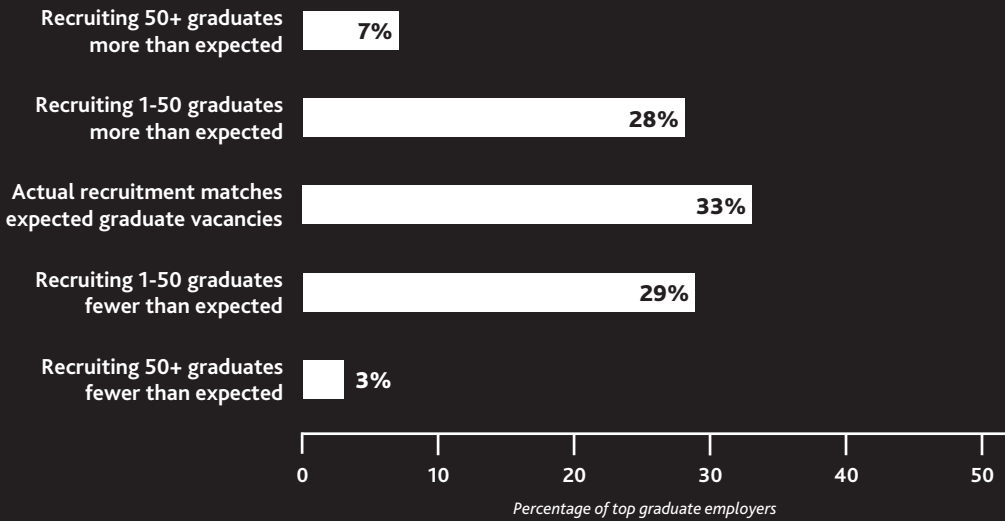


Chart 5 How Employers' Graduate Vacancies for 2013 have been Revised

Source - The Graduate Market in 2013

Table 6 Analysis of Graduate Vacancies in 2013, by Industry or Business Sector

Industry or Business Sector	Actual graduates recruited for 2012, as confirmed in December 2012	Graduate vacancy targets for 2013, as updated in January 2013	Revised graduate vacancies for 2013, as updated in June 2013	% difference between vacancy targets & actual recruitment in 2013	Number of vacancies added (cut) since 2012
Accounting & professional services	3,877	3,827	3,955	3.3	78
Armed Forces	1,012	910	1,212	33.2	200
Banking & finance	875	927	793	-14.5	(82)
Consulting	620	620	609	-1.8	(11)
Consumer goods	288	322	353	9.6	65
Engineering & industrial	1,202	1,324	1,343	1.4	141
Investment banking	2,262	2,270	2,343	3.2	81
IT & telecommunications	631	681	610	-10.4	(21)
Law	755	765	785	2.6	30
Media	245	259	294	13.5	49
Oil & energy	552	565	556	-1.6	4
Public sector	2,519	2,672	2,988	11.8	469
Retailing	1,453	1,572	1,220	-22.4	(233)
ALL SECTORS	16,452	16,900	17,217	1.9	765

Source - The Graduate Market in 2013

Applications for Graduate Jobs in 2013

Around three-quarters of the organisations featured in *The Times Top 100 Graduate Employers* provided data about the graduate applications they had processed during the 2012-2013 recruitment season, compared with the number of applicants for graduate roles they had received during 2011-2012.

This data shows that up to half of the UK’s leading employers have seen their application levels decrease in the 2012-2013 graduate recruitment season (see *Chart 9*). Overall, total application numbers are 8 per cent lower this year, following annual rises of 11 per cent in 2012, five per cent in 2011 and seven per cent in both 2010 and 2009.

The reduction in this year’s applications is partly due to several of the biggest City investment banks closing-off their applications earlier than usual, because many of their graduate roles had already been filled by candidates who had completed student internships with them. In addition, two of the major public sector employers featured in the research have reduced their graduate vacancies significantly this year and have scaled back their recruitment promotions accordingly, leading to substantially fewer graduate applications.

As a result, this means the total number of graduate applications to investment banks were a sixth lower this year, compared with 2012, and applications to public sector employers have dropped by a fifth (see *Chart 10*). By contrast, applications to engineering & industrial companies and banking & finance were up by at least 10 per cent year-on-year and the number of graduates applying to law and accounting & professional services firms also increased.

On average, Britain’s top employers have received 46 applications for each graduate job in 2013 (see *Table 8*), compared with 51 in 2012 (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, media firms, high street banks and oil & energy companies.

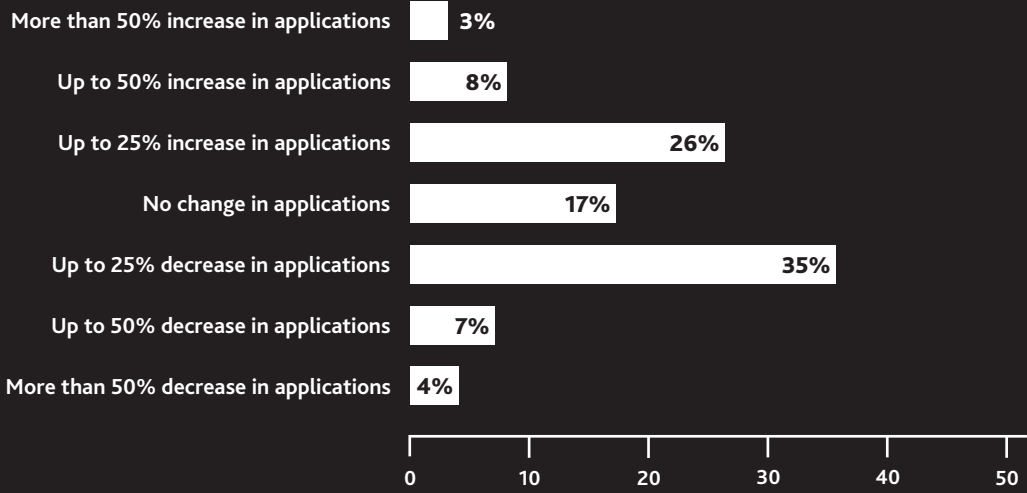
Table 7 Applications per Vacancy 2012	
	Average
Consumer goods	202.9
Media	177.0
Oil & energy	80.9
Banking & finance	69.1
Public sector	68.7
Investment banking	61.4
Retailing	55.2
IT & telecommunications	43.0
Law	37.6
Consulting	36.3
Engineering & industrial	34.4
Accounting & professional services	20.6
ALL SECTORS	51.3

Source - The Graduate Market in 2013

Table 8 Applications per Vacancy 2013	
	Average
Consumer goods	160.1
Media	109.7
Banking & finance	84.2
Oil & energy	74.1
Retailing	64.3
Public sector	48.5
Investment banking	47.7
IT & telecommunications	43.1
Engineering & industrial	38.1
Law	37.7
Consulting	30.8
Accounting & professional services	20.7
ALL SECTORS	45.9

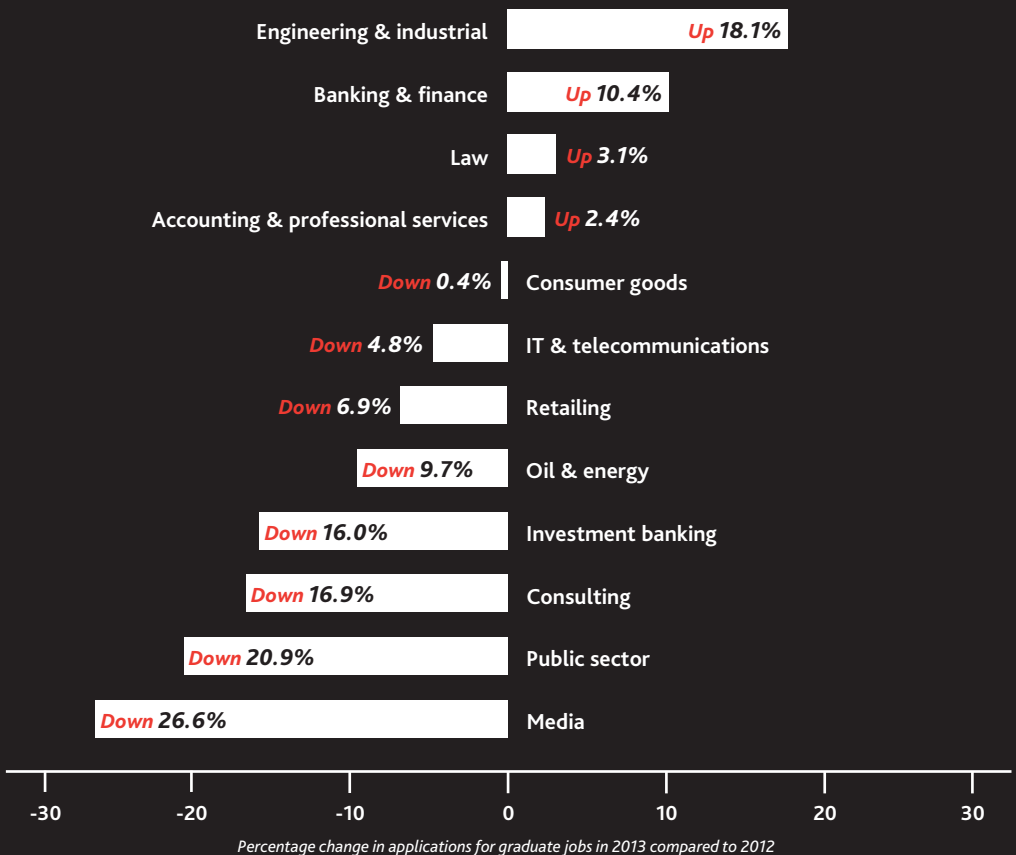
Source - The Graduate Market in 2013

Chart 9 How Applications for Graduate Jobs Changed in 2013



Source - The Graduate Market in 2013

Chart 10 How Applications for Graduate Jobs Changed in 2013, by Sector or Industry



Source - The Graduate Market in 2013

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 2012-2013 graduate recruitment season.

The results show that almost all of the UK's leading employers now require their graduate applicants to meet minimum academic standards (see *Chart 11*). Three-quarters of recruiters insist on a 2.1 degree, one in ten require at least a 2.2 degree, and a quarter specify a minimum UCAS tariff for candidates, typically in the range of 260 to 340 (equivalent to 'BCC' to 'AAB' at A-level).

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

Most graduate recruiters use competency or behavioural-based interviews but over a third conduct skills-based or strengths-based assessments. More than half of employers interviewed candidates by telephone during the 2013 recruitment round, either as part of the pre-screening process or the first-round interview.

At selection centre stage, four-fifths of employers evaluated applicants through group exercises and two-thirds used presentations. Other popular elements were written exercises, case studies and role plays. Just one in twenty organisations used a dinner, drinks reception or other social occasion to assess candidates during their recruitment process.

Interestingly, fewer than half of graduate employers said they pursued reference checks and only two-fifths conducted other forms of background checks on their graduate recruits. A quarter of employers insisted on a medical assessment and four organisations required graduates to have security clearance.

Chart 11 Minimum Academic Requirements at the UK's Top Employers in 2013

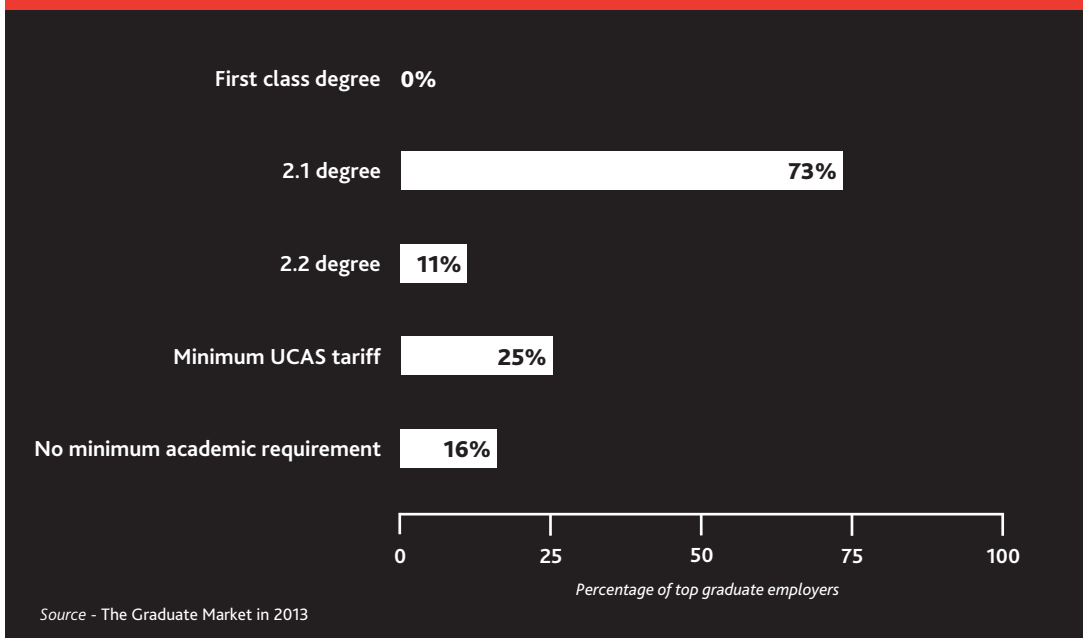
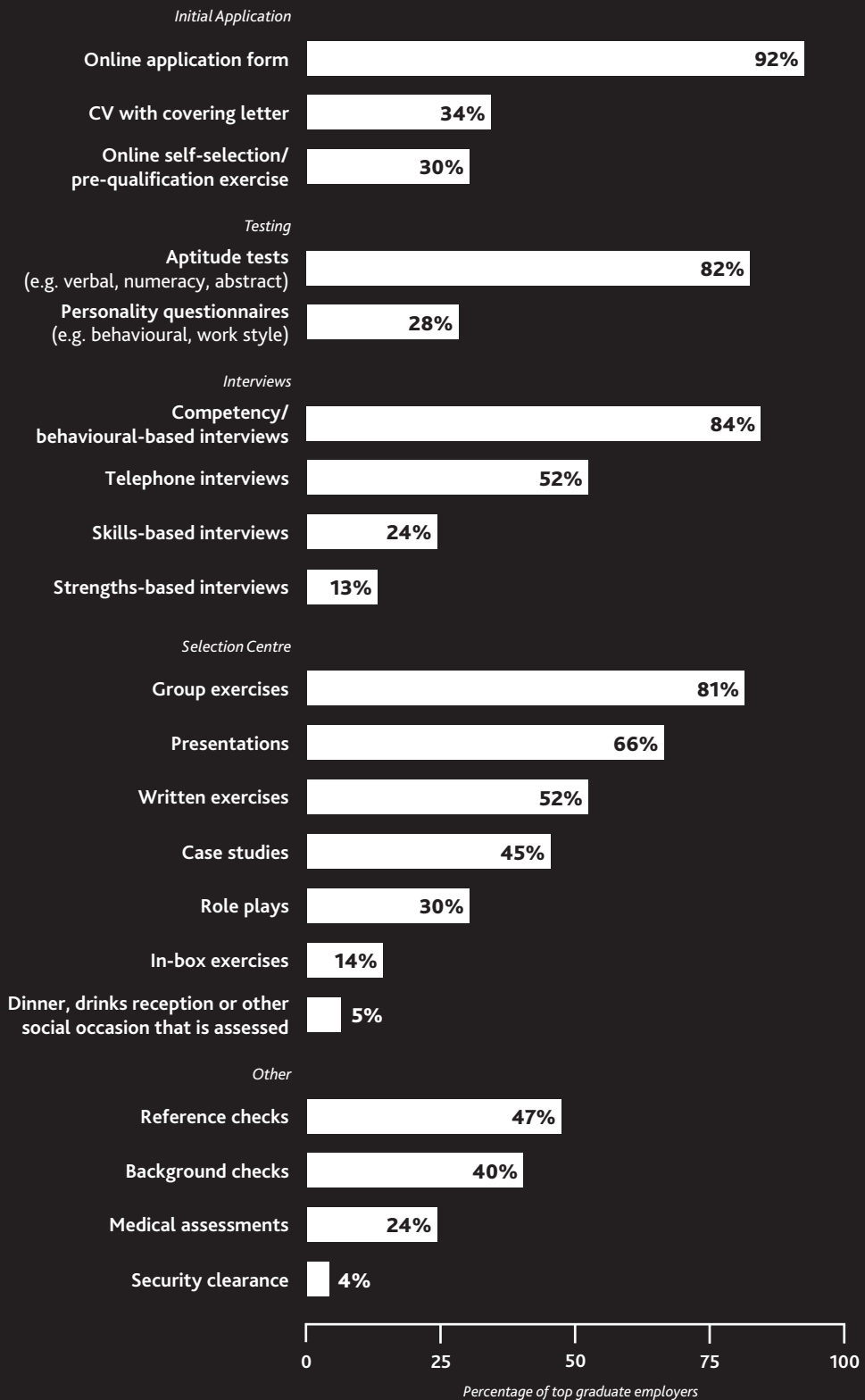


Chart 12 Assessment & Selection Used by the UK's Top Employers in 2013



Source - The Graduate Market in 2013

Starting Salaries for Graduates

The Graduate Market in 2013 also analyses the starting salaries that Britain’s top employers are intending to pay new graduates who begin work with their organisations in 2013.

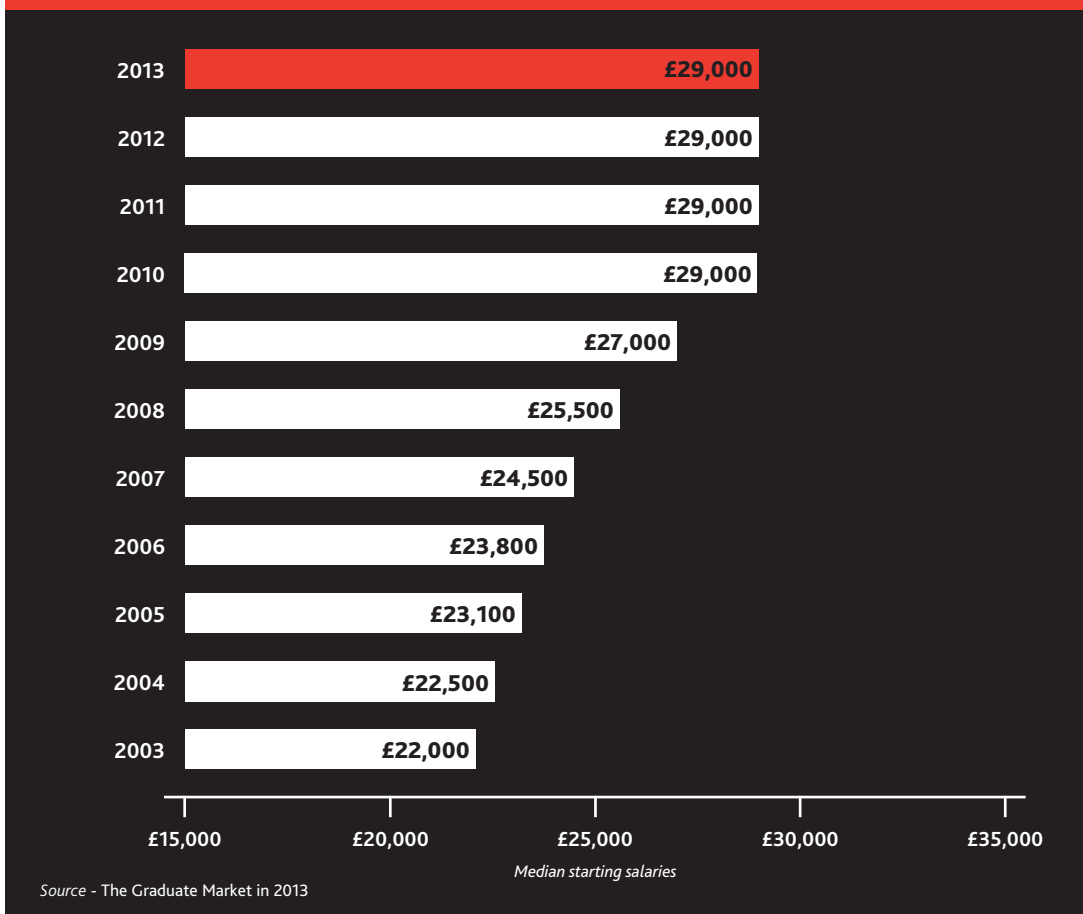
The research shows that the median salary for new graduates at the leading employers is set to remain at £29,000 in 2013, the same level as in 2012, 2011 and 2010 (see *Chart 13*). Despite this, thirty-nine individual employers have increased their graduate starting salaries for this year’s new recruits, most by between £500 and £2,000.

The salaries quoted are the average national salaries that have been promoted by employers during the 2012-2013 recruitment round. The figures do not include additional benefits such as relocation allowances, starting-work bonuses, regional weighting, subsidised company facilities or bonus schemes.

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. There was a further sharp rise in 2010, largely because of significant increases in the salaries paid by the leading investment banks.

For 2013, the highest-paying UK employers are the investment banks and law firms (see *Chart 14*). Whilst very few banks openly publicise their graduate packages, this research

Chart 13 How Starting Salaries for Graduates have Changed between 2003 and 2013



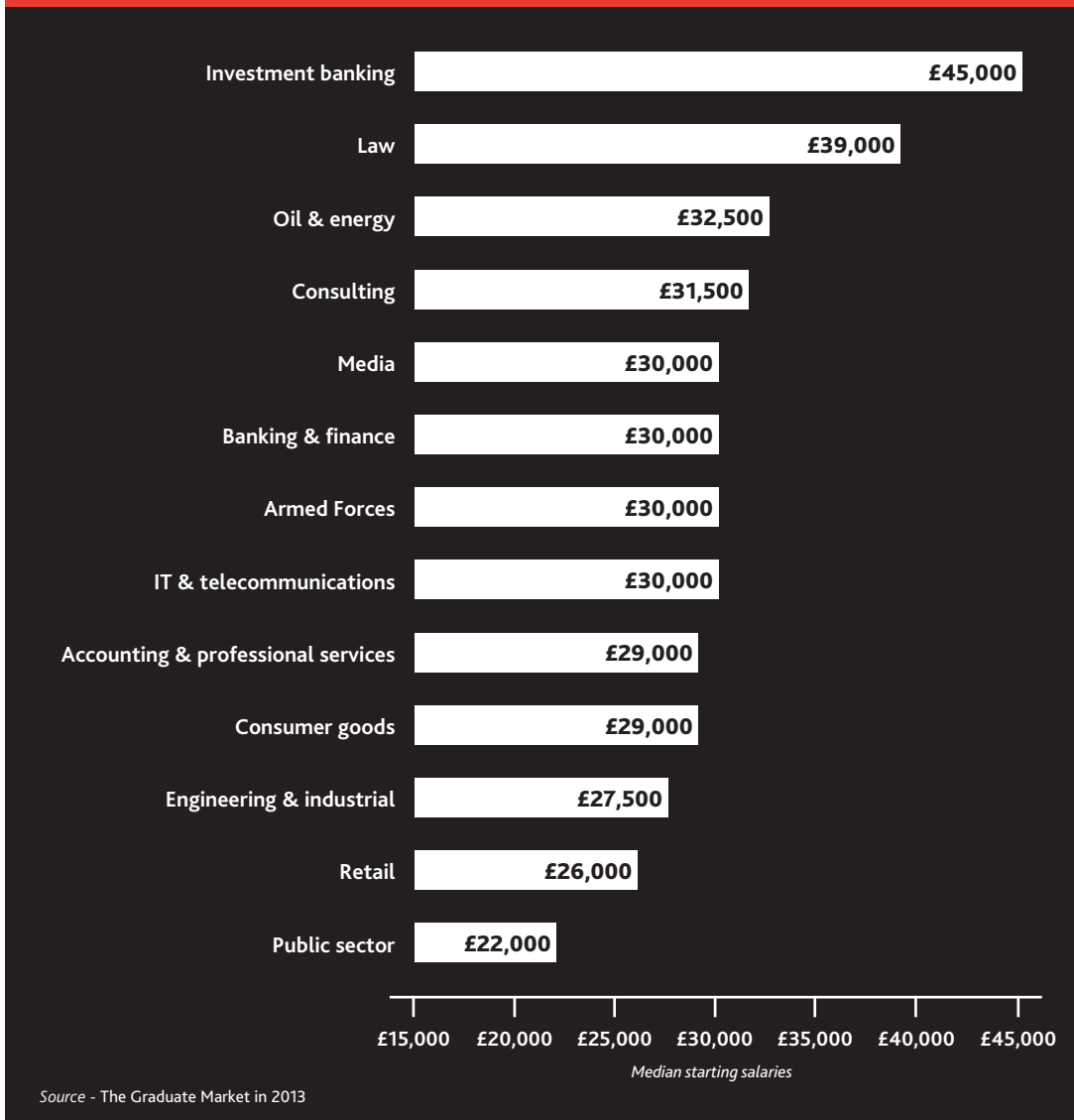
confirms that the best-known employers in the City are currently paying between £37,000 and £49,000 to new recruits.

A number of the top City law firms have increased their graduate starting salaries in the last six months, taking the median pay for new recruits up to £39,000. Six other sectors – oil & energy, consulting, media, banking & finance, the Armed Forces and IT & telecommunications – are now offering median graduate salaries of £30,000 or more.

The lowest graduate starting salaries are for those beginning work with public sector employers, which offer median starting salaries of £22,000. This is the sixth consecutive year that the public sector has appeared at the bottom of the graduate pay chart.

Over half of employers confirmed that they would also pay their new graduate recruits a relocation allowance or some form of ‘starting work bonus’, typically in the range of £1,000 to £4,000, although the most generous packages provide payments of up to £10,000.

Chart 14 Graduate Salaries at the UK’s Top Employers in 2013, 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.

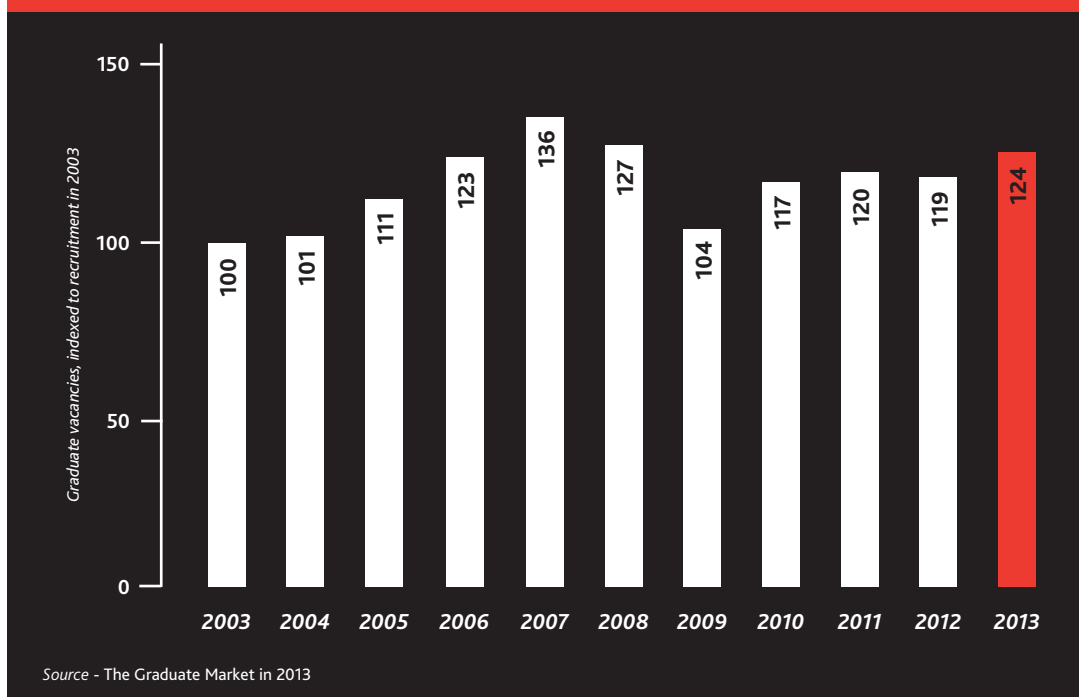
The most substantial cuts took place at the investment banks, IT & telecommunications firms, chemical & pharmaceuticals companies and within the media, where graduate vacancies halved during the course of just two recruitment rounds. There were sharp falls too in recruitment at consumer goods manufacturers, 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 this 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).

It is interesting to benchmark how graduate vacancies have changed over the last ten years since the end of the last economic downturn in 2002 (see *Chart 15*). 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 was wiped out in the following two years, and by 2009 graduate recruitment had returned to a similar level to that recorded in 2004.

Twelve months later, the graduate job market bounced back and vacancies grew by 12.6% in 2010, with a further increase of 2.8% in 2011. But the recovery stalled again in 2012 and

Chart 15 Indexing Graduate Vacancies at the UK’s Top Employers 2003 to 2013



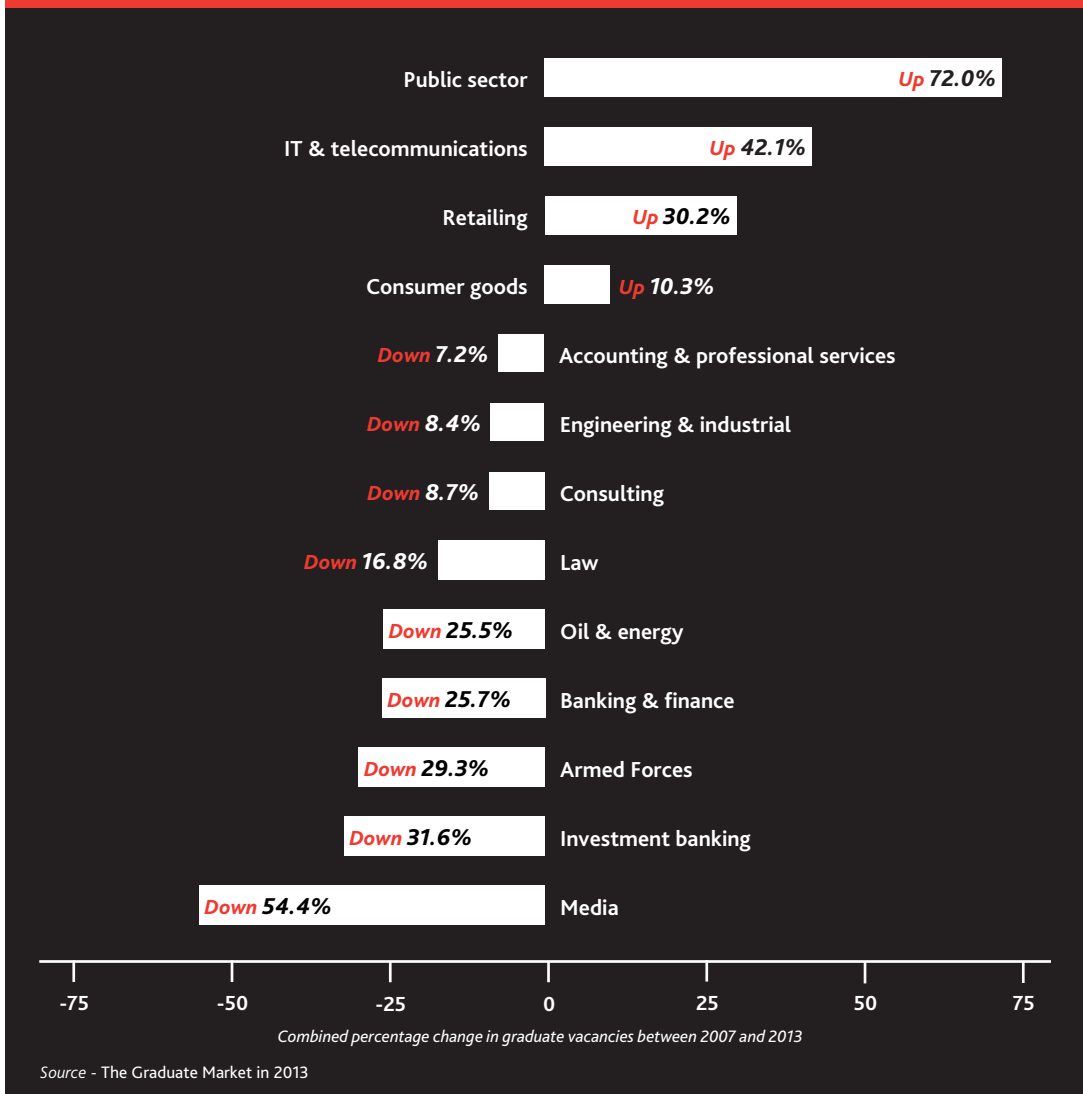
although graduate recruitment has increased by 4.6% in 2013, to its highest level since 2008, vacancies for university leavers at the UK’s best-known and most popular employers remain below the pre-recession intake seen in 2007.

Comparing the graduate recruitment targets for 2013 with the numbers hired in 2007 shows that within nine individual industries and business sectors, graduate vacancies are lower than before the start of the recession (see *Chart 16*).

This year there are a third fewer entry-level positions at the City investment banks, compared with six years ago and recruitment at the major oil & energy companies is 25% lower than in 2007. The worst-hit sector is the media where there are currently around half the number of graduate jobs than there were before the downturn.

By contrast, graduate recruitment at the public sector employers has actually increased by almost three-quarters during the last six years and there has been a rise too in entry-level vacancies at IT & telecommunications firms, retailers and consumer goods companies.

Chart 16 Changes to Graduate Vacancies 2007 to 2013, by Industry or Business Sector



Outlook for Graduate Recruitment in 2014

The final part of the research looked ahead to the likely level of graduate vacancies at the country’s leading employers in 2014.

Although a fifth of organisations were unsure of their future recruitment plans, half expected to hire a similar number of graduates as they did in 2013 and eighteen employers thought that their intake was likely to increase in 2014 (see *Chart 17*). However, thirteen organisations – including five City law firms, a high street bank and two oil & energy companies – warned they were planning to take on ‘slightly fewer’ university-leavers in the year ahead.

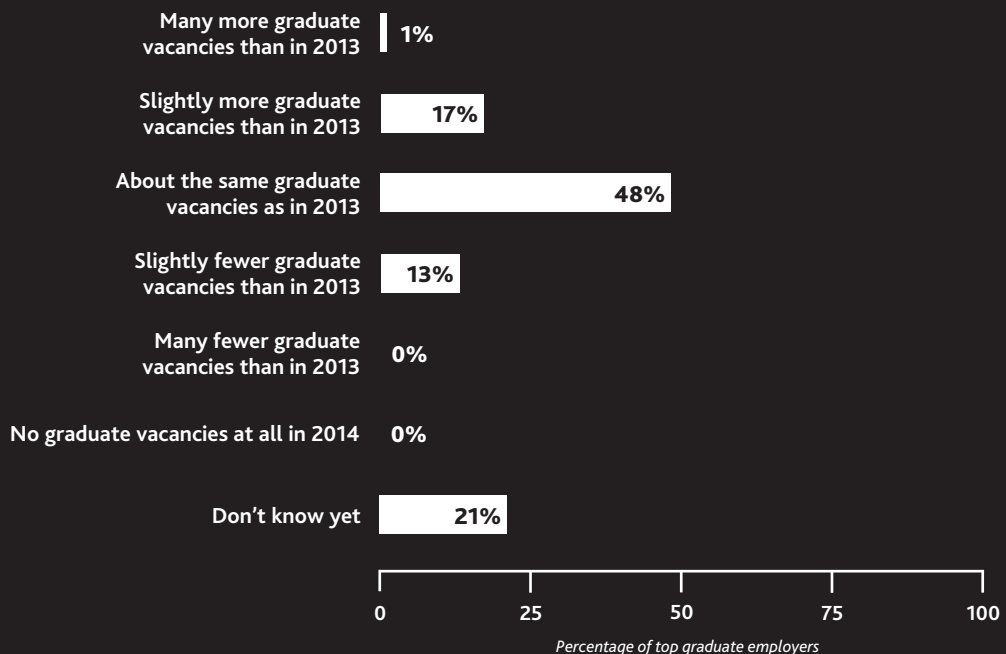
When asked about their priorities and challenges for the 2013-2014 graduate recruitment season, more than half of recruiters said they would be focusing on building up their profile on campus and improving students’ perceptions of their organisation (see *Chart 18*). Similar numbers felt they needed to increase the quality of the graduates they recruited.

Although two-fifths of recruiters were worried about increased competition from other employers and over a third feared they didn’t have sufficient resources in their graduate recruitment team, it is interesting that noticeably fewer graduate recruiters this year were concerned about having a ‘limited’ marketing budget for the next recruitment round.

A quarter of employers said they would be actively trying to reduce the total number of applications they received and one in six were planning to set social mobility targets.

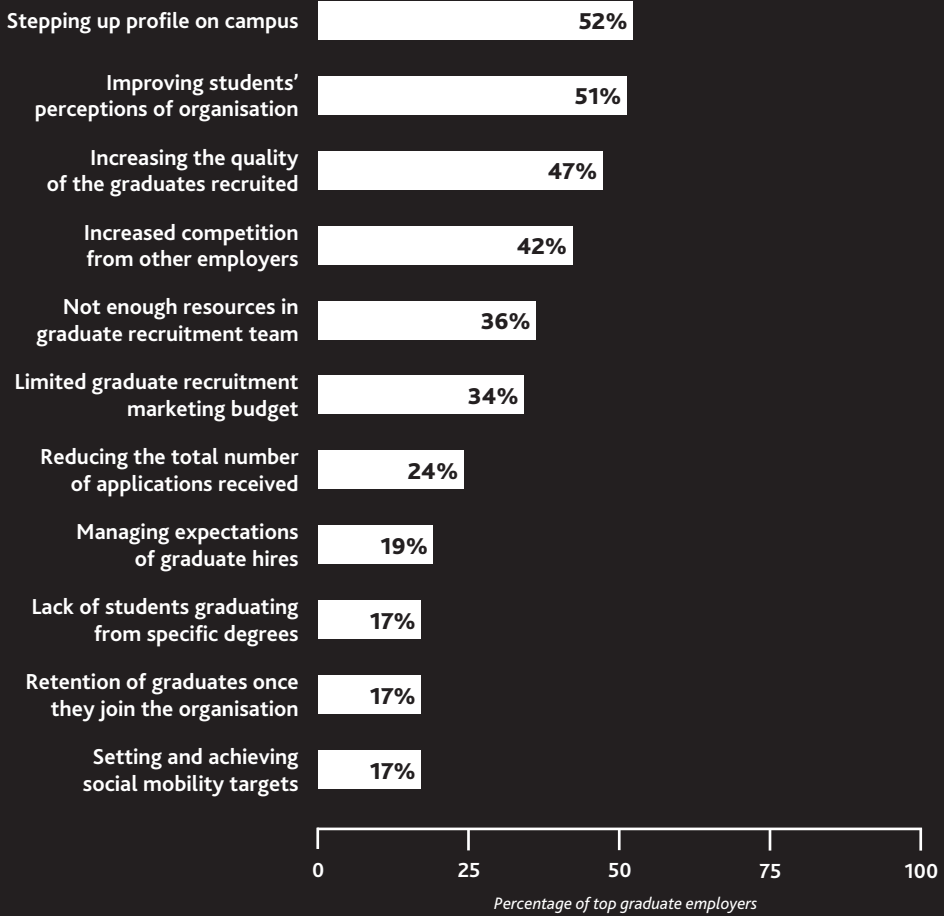
Few graduate employers believed that their graduate recruitment budgets would be increased significantly in 2013-2014 (see *Chart 19*). Three-fifths thought they would have a similar amount to spend in the coming year, fourteen organisations expected their budget would ‘increase a little’ but twenty-six employers expected to cut their spending in the year ahead.

Chart 17 Likely Graduate Vacancies at the UK’s Leading Employers in 2014



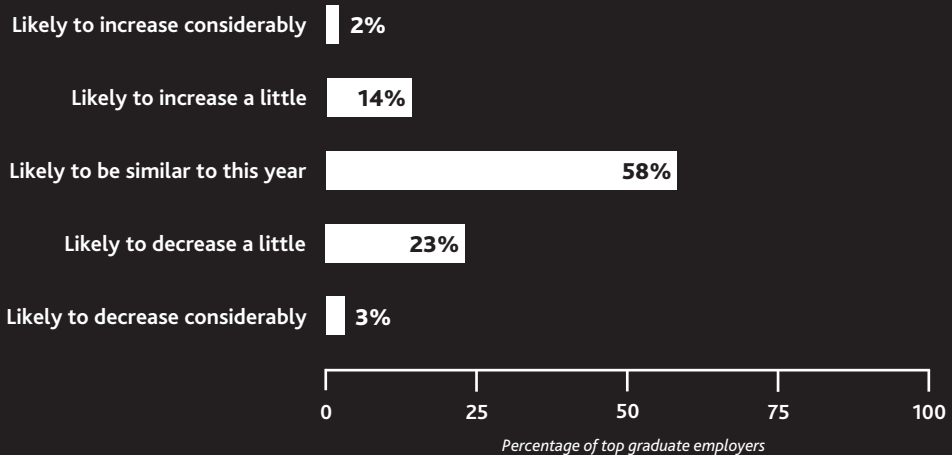
Source - The Graduate Market in 2013

Chart 18 Graduate Employers' Challenges & Priorities for 2013-2014



Source - The Graduate Market in 2013

Chart 19 How Employers Recruitment Budgets are expected to Change in 2013-2014



Source - The Graduate Market in 2013

Summary of Research

This end-of-year update to *The Graduate Market in 2013* 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 2013.

The research confirms that graduate vacancies at employers featured in the latest edition of *The Times Top 100 Graduate Employers* have risen by 4.6 per cent in 2013 – more than was predicted in January – to their highest level for five years. Graduate vacancies decreased by 0.8 per cent in 2012 following increases of 2.8 per cent in 2011 and 12.6 per cent in 2010.

Application levels for the best graduate jobs remain very high, with the leading employers receiving an average of 46 applications per vacancy in 2013, a small decrease from the 51 applications per vacancy recorded in 2012.

The average graduate starting salary for 2013 remains unchanged at £29,000, the same rate that was paid to new graduates in 2012, 2011 and 2010.

Table 20 Analysis of Graduate Recruitment in 2013, by Industry or Business Sector

Industry or Business Sector	Changes in vacancies in 2013	Applications per vacancy in 2013 (2012)	Median graduate starting salaries in 2013	How median salaries have changed since 2012
Accounting & professional services	▲ 2.0%	20.7 (20.6)	£29,000	NO CHANGE
Armed Forces	▲ 19.8%	-	£30,000	▲ £500
Banking & finance	▼ 9.4%	84.2 (69.1)	£30,000	NO CHANGE
Consulting	▼ 1.8%	30.8 (36.3)	£31,500	NO CHANGE
Consumer goods	▲ 22.6%	160.1 (202.9)	£29,000	▲ £500
Engineering & industrial	▲ 11.7%	38.1 (34.4)	£27,500	NO CHANGE
Investment banking	▲ 3.6%	47.7 (61.4)	£45,000	NO CHANGE
IT & telecommunications	▼ 3.3%	43.1 (43.0)	£30,000	▲ £3,000
Law	▲ 4.0%	37.7 (37.6)	£39,000	▲ £1,000
Media	▲ 20.0%	109.7 (177.0)	£30,000	▼ £2,500
Oil & energy	▲ 0.7%	74.1 (80.9)	£32,500	NO CHANGE
Public sector	▲ 18.6%	48.5 (68.7)	£22,000	NO CHANGE
Retailing	▼ 16.0%	64.3 (55.2)	£26,000	▲ £2,000
ALL SECTORS	▲ 4.6%	45.9 (51.3)	£29,000	NO CHANGE

Source - The Graduate Market in 2013