

End-of-Year Review

The Graduate Market in 2014

Introduction

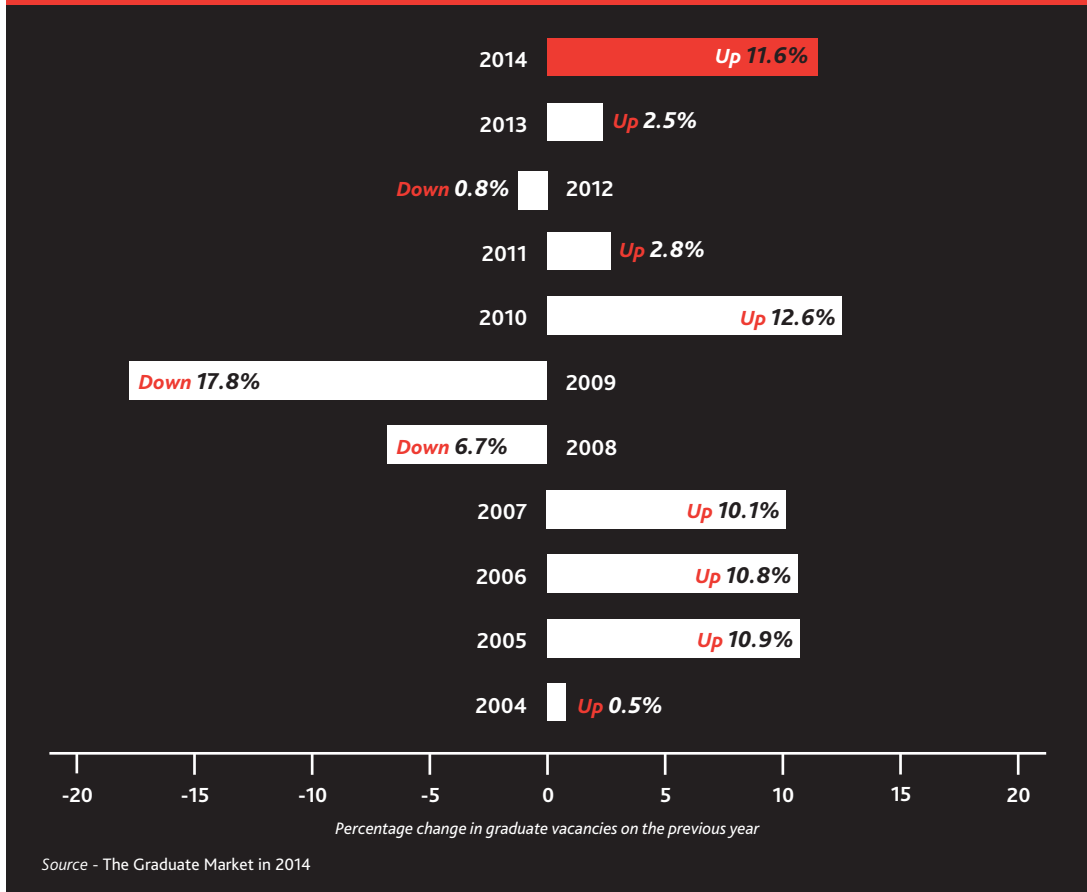
The **Graduate Market in 2014** report, published in January, showed that Britain’s best-known and most successful graduate employers were planning to step up their graduate recruitment substantially in 2014.

For this special end-of-year review, **High Fliers Research** returned in **June 2014** 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 2004 and 2014



Graduate Vacancies in 2014

The Graduate Market in 2014 report, published earlier this year, showed that after a modest rise in graduate vacancies at Britain’s leading employers in 2013, the number of opportunities available for university-leavers in 2014 was likely to increase by almost 9 per cent, with many of the country’s top employers preparing to take on additional graduates during the current recruitment round.

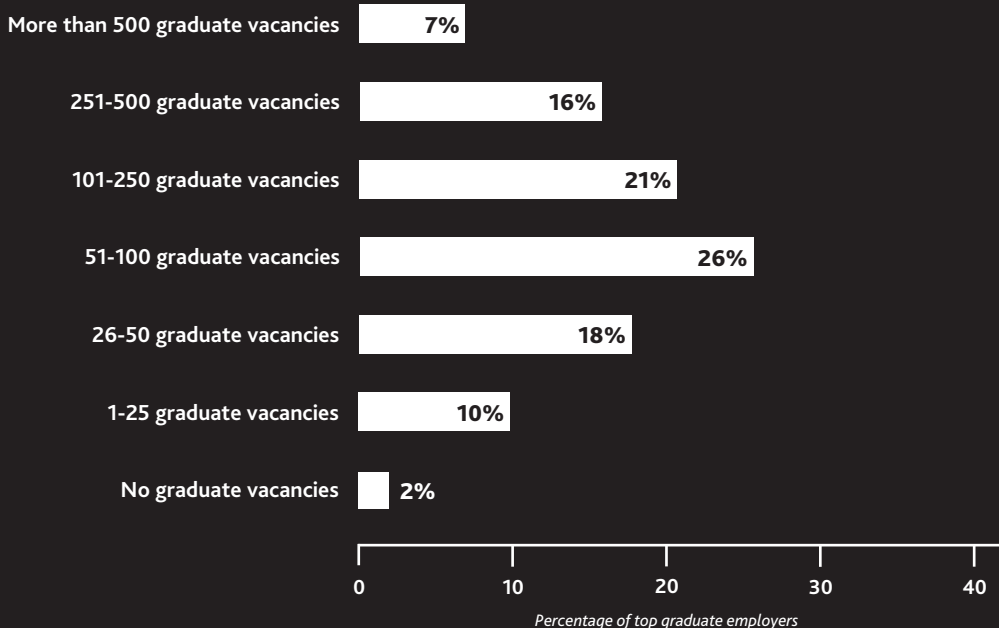
The most recent assessment of graduate vacancies shows that employers have exceeded these expectations, and have actually recruited 11.6 per cent more graduates to start work later in 2014, compared with the numbers employed in 2013 (see *Chart 1* on previous page).

Over a quarter of employers have hired fifty graduates or fewer this year (see *Chart 2*), a further quarter have recruited up to a hundred university-leavers, a fifth of employers had vacancies for up to 250 new recruits, and a total of twenty-three employers have recruited more than 250 graduates to begin work in 2014. The average number of entry-level graduate roles on offer at organisations featured in *The Times Top 100 Graduate Employers* is now 190 graduate vacancies per employer.

It is interesting to see that a third of employers have increased their graduate recruitment targets for 2014 during the last six months, some by as many as a hundred extra vacancies, and that ten employers have stepped up their recruitment at least twice since the beginning of the 2013-2014 graduate recruitment season in September 2013.

The leading accounting & professional services firms are set to employ the largest number of new graduates in 2014 – the five firms included within the research have recruited a record 4,442 trainees this year (see *Chart 3*). Key public sector employers, such as the Civil Service Fast Stream, the NHS and Teach First, are hiring more than 3,400 new graduates in 2014,

Chart 2 Graduate Vacancies at leading UK Employers in 2014



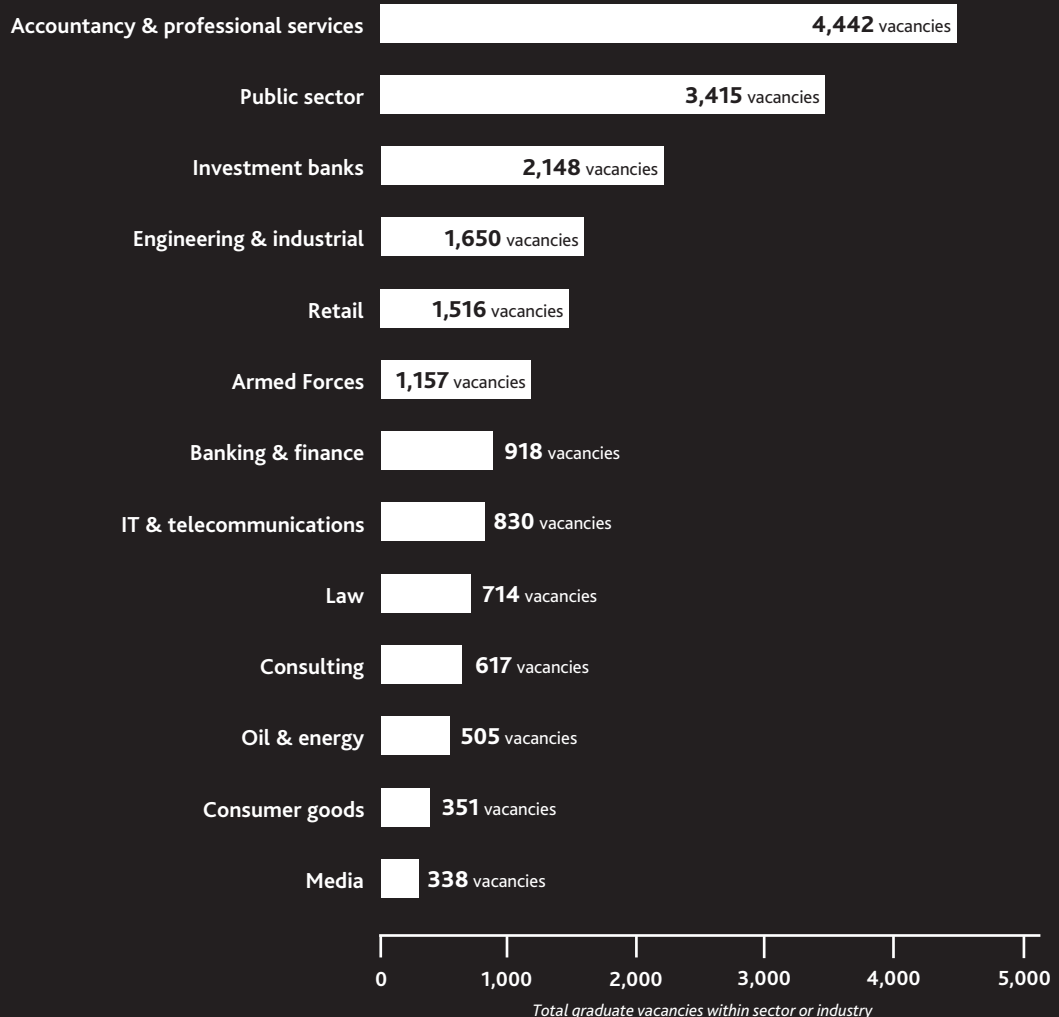
Source - The Graduate Market in 2014

over 2,100 graduates will join the top City investment banks later this year and there have been at least 1,500 graduate vacancies in the retail sector and at engineering & industrial companies.

Nearly all the employers questioned for the research had already completed their 2014 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 very welcome improvement in the graduate job market and suggest that graduate recruitment at the leading employers is now at its highest level for seven years. Vacancies increased 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 Graduate Vacancies at leading UK Employers in 2014, by Sector or Industry



Source - The Graduate Market in 2014

Changes to Graduate Vacancies since 2013

Year-on-year vacancies for graduates have increased in eleven of thirteen key employment areas in 2014 (see *Chart 4*). The most significant growth is at media companies, consulting firms, and accountancy & professional services firms, which together have provided more than a thousand extra entry-level positions this year.

There has also been a substantial increase in graduate vacancies at engineering & industrial companies, the Armed Forces, banking & finance organisations and IT & telecommunications employers. By contrast, there has been a slight reduction in the number of graduate roles on offer at the top investment banks and oil & energy companies.

Half the leading employers have expanded their graduate recruitment this year, with sixteen organisations stepping up their recruitment by more than fifty extra graduate positions compared with 2013 (see *Chart 5*). More than a quarter of recruiters have maintained their graduate intake but the remaining quarter have reduced their vacancies this year.

Chart 4 How Graduate Vacancies have Changed since 2013, by Sector or Industry

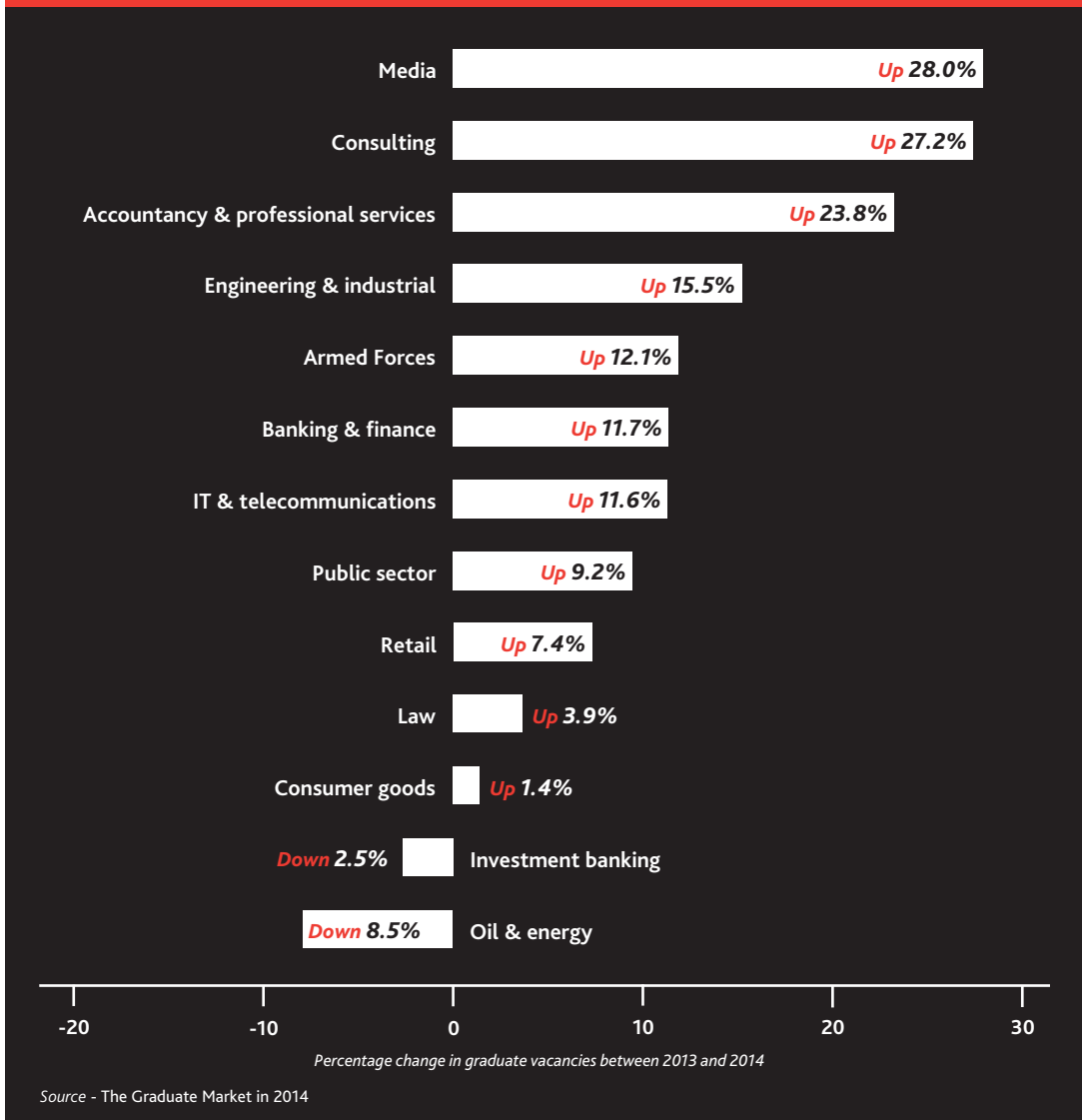
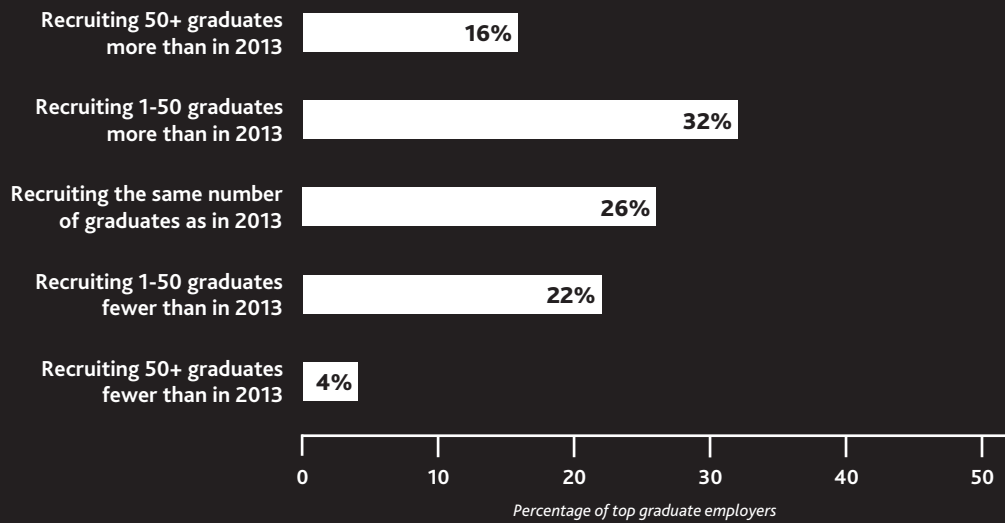


Chart 5 How Employers' Graduate Vacancies have Changed in 2014

Source - The Graduate Market in 2014

Table 6 Analysis of Graduate Vacancies in 2014, by Industry or Business Sector

Industry or Business Sector	Actual graduates recruited for 2013, as confirmed in December 2013	Graduate vacancy targets for 2014, as updated in January 2014	Revised graduate vacancies for 2014, as updated in June 2014	% difference between graduates recruited in 2013 & vacancies in 2014	Number of vacancies added (cut) since 2013
Accounting & professional services	3,588	3,848	4,442	23.8	854
Armed Forces	1,032	1,036	1,157	12.1	125
Banking & finance	822	955	918	11.7	96
Consulting	485	590	617	27.2	132
Consumer goods	346	372	351	1.4	5
Engineering & industrial	1,429	1,591	1,650	15.5	221
Investment banking	2,202	2,383	2,148	-2.5	(54)
IT & telecommunications	744	760	830	11.6	86
Law	687	709	714	3.9	27
Media	264	247	338	28.0	74
Oil & energy	552	526	505	-8.5	(47)
Public sector	3,128	3,508	3,415	9.2	287
Retailing	1,411	1,599	1,516	7.4	105
ALL SECTORS	16,802	18,264	18,753	11.6	1,951

Source - The Graduate Market in 2014

Applications for Graduate Jobs in 2014

Three-quarters of the organisations featured in *The Times Top 100 Graduate Employers* provided data about the graduate applications they had processed during the 2013-2014 recruitment season, compared with the number of applicants for graduate roles they had received during 2012-2013.

This data reveals that more than a third of the UK's leading employers have seen their application levels increase this year (see *Chart 8*). Total application numbers are 3 per cent higher, following an 8 per cent drop in applications in 2013 and annual rises of 11 per cent in 2012, five per cent in 2011 and seven per cent in both 2010 and 2009.

Several employers reported receiving fewer applications this year, either because they had shut their applications earlier than usual or because many of their graduate roles were filled by candidates who had completed student internships with them. On average, Britain's top employers have received 39 applications for each graduate job in 2014 (see *Table 9*).

Chart 7 How Applications for Graduate Jobs Changed in 2014, by Sector or Industry

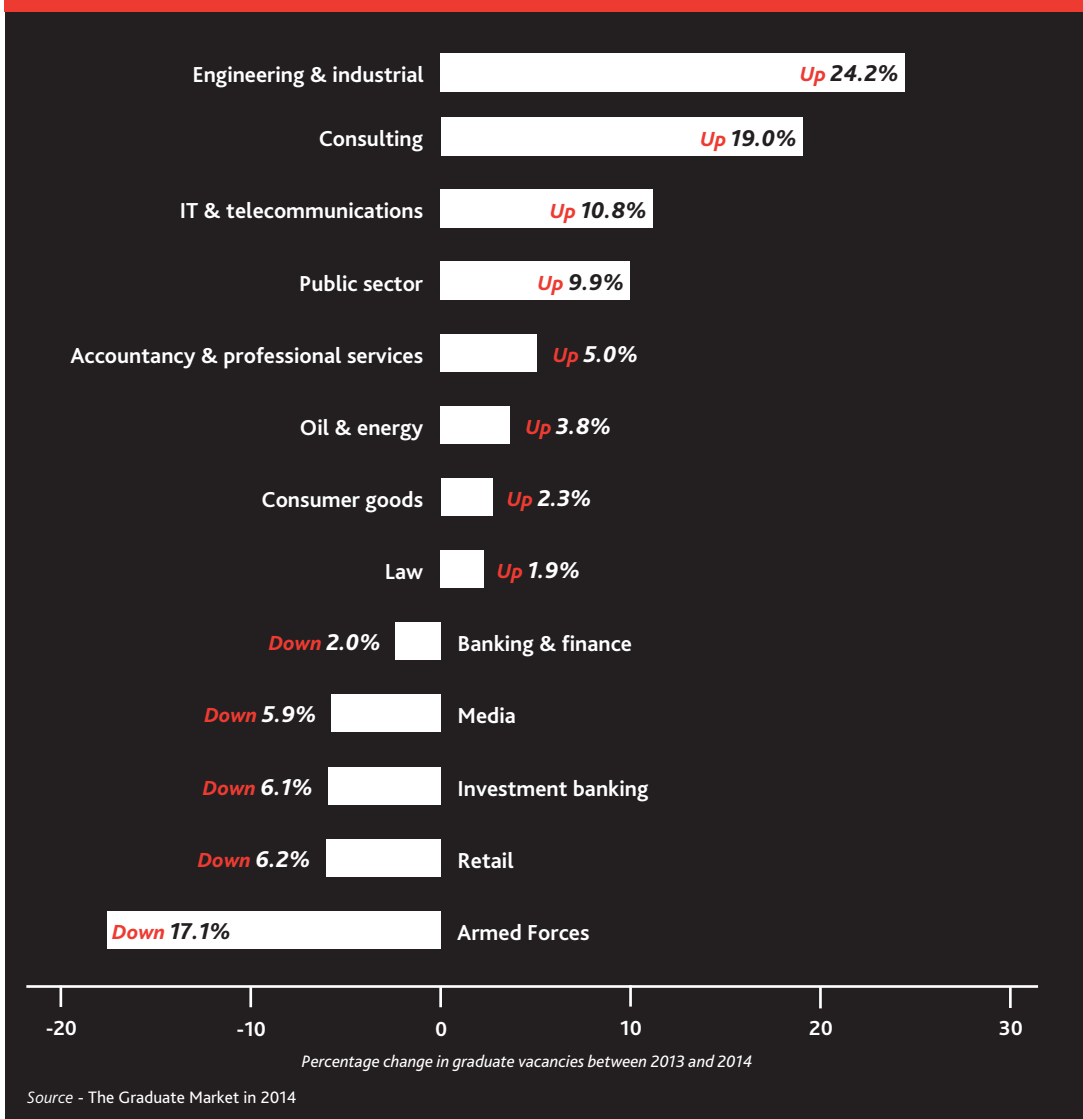
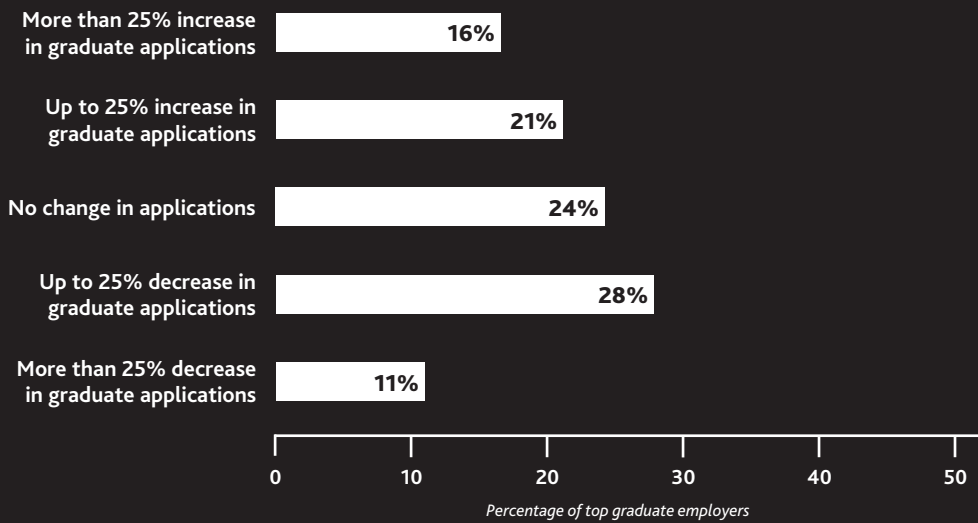


Chart 8 How Applications for Graduate Jobs Changed in 2014

Source - The Graduate Market in 2014

Table 9 Analysis of Graduate Applications in 2014, by Industry or Business Sector

Industry or Business Sector	Average number of applications per employer in 2012-2013	Average number of applications per employer in 2013-2014	Average number of applications per graduate vacancy in 2012-2013	Average number of applications per graduate vacancy in 2013-2014
Accounting & professional services	18,000	19,000	25.2	21.3
Armed Forces	3,900	3,200	10.6	7.5
Banking & finance	9,800	9,600	71.4	62.7
Consulting	5,300	6,300	27.6	26.2
Consumer goods	7,300	7,500	162.0	186.3
Engineering & industrial	9,700	12,100	46.9	53.7
Investment banking	9,000	8,500	40.4	38.4
IT & telecommunications	5,700	6,300	34.4	32.5
Law	2,900	2,900	35.2	34.5
Media	6,400	6,000	124.4	86.6
Oil & energy	9,800	10,100	84.1	97.8
Public sector	10,400	11,400	33.7	33.9
Retailing	7,900	7,400	68.7	58.8
ALL SECTORS	8,400	8,600	42.5	39.2

Source - The Graduate Market in 2014

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 2013-2014 graduate recruitment season.

More than four-fifths of the UK's leading employers now require their graduate applicants to meet minimum academic standards (see *Chart 10*). Some 70 per cent of organisations insist on a 2.1 degree, one in six employers require at least a 2.2 degree, and over 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).

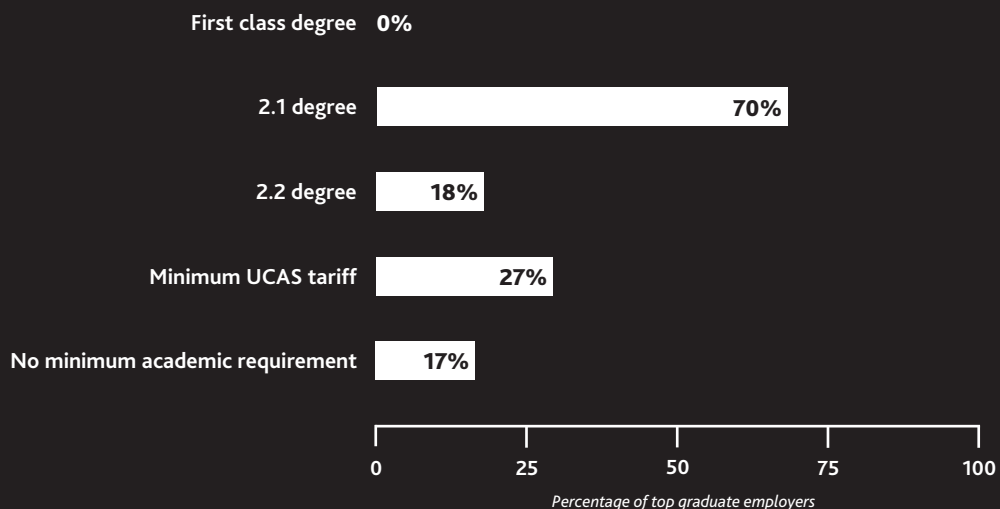
Almost every major employer uses an online application form at the start of their graduate selection process but a quarter of recruiters accept emailed CVs with a covering letter (see *Chart 11*). More than four-fifths of employers use some form of aptitude test (such as verbal reasoning or numeracy) and a quarter rely on personality or psychometric questionnaires.

The majority of graduate recruiters use competency or behavioural-based interviews but around a quarter conduct skills-based or strengths-based assessments. More than half of employers interviewed candidates by telephone during the 2013-2014 recruitment round, either as part of the pre-screening process or the first-round interview.

At the final-round selection centre stage, four-fifths of graduate employers evaluated applicants through group exercises and over two-thirds used presentations. Other popular elements were written exercises, case studies and role plays. Just 7 per cent of graduate recruiters used a dinner, drinks reception or other social occasion to assess candidates.

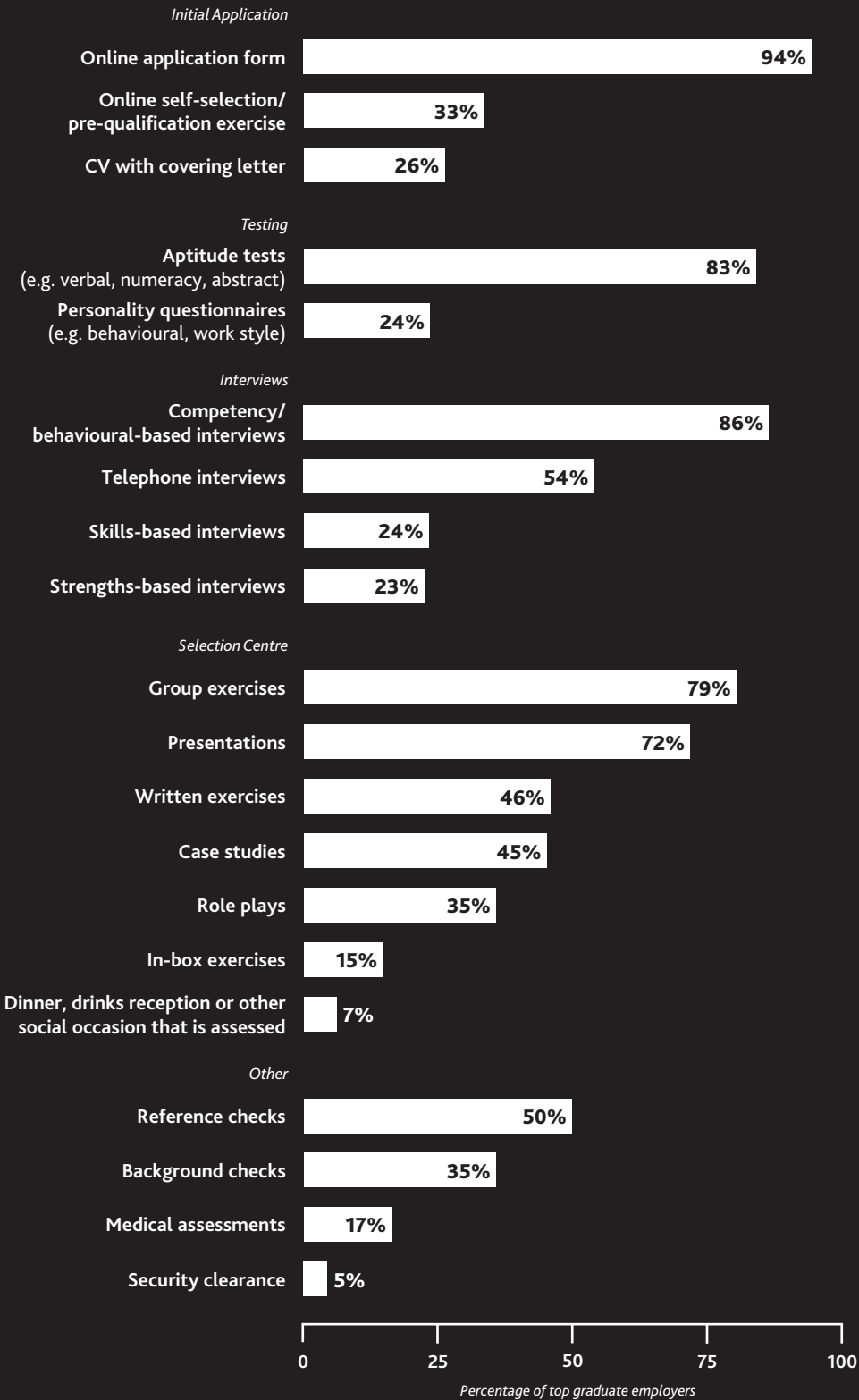
It is striking that only half of graduate employers said they pursued reference checks and just a third conducted other forms of background checks on their graduate recruits. One in six employers insisted on a medical assessment and five organisations required graduates to have security clearance before starting work.

Chart 10 Minimum Academic Requirements at the UK's Top Employers in 2014



Source - The Graduate Market in 2014

Chart 11 Assessment & Selection Used by the UK's Top Employers in 2014



Source - The Graduate Market in 2014

Starting Salaries for Graduates

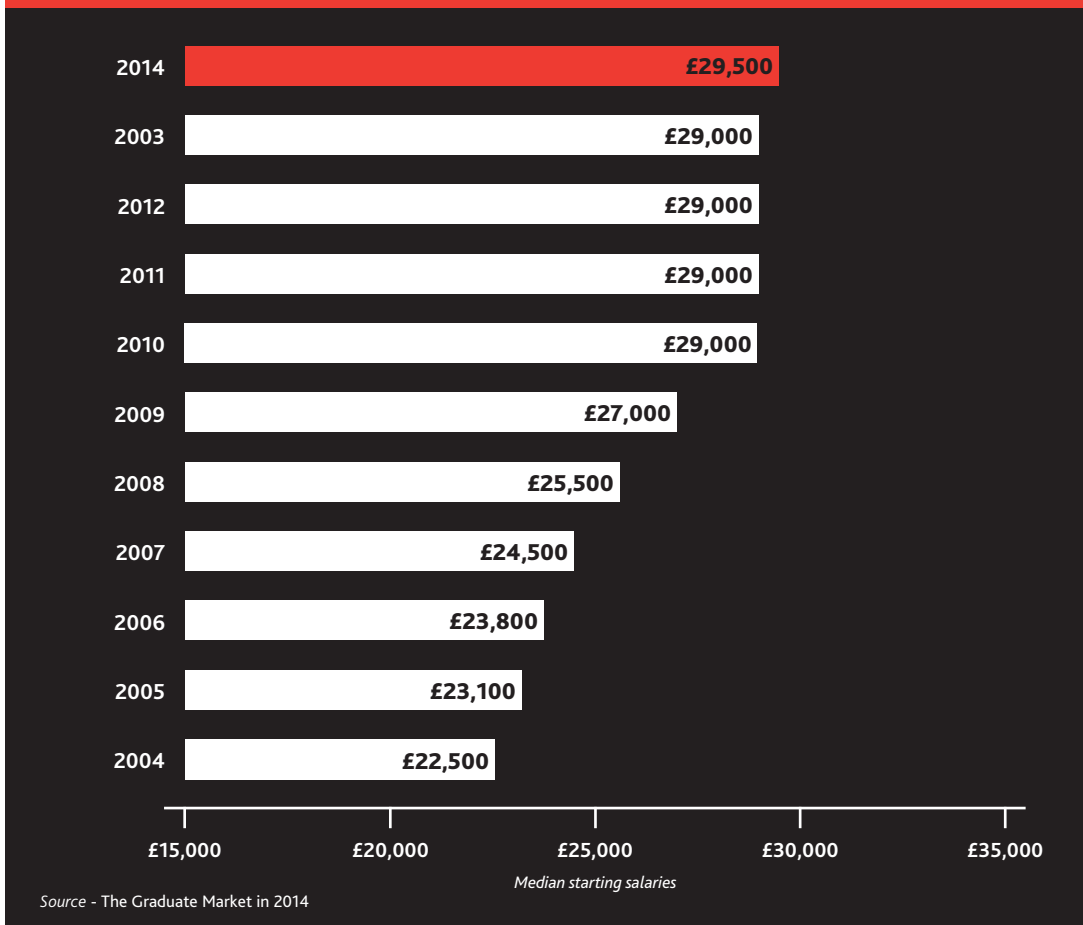
The Graduate Market in 2014 also analyses the starting salaries that Britain’s top employers are intending to pay new graduates who begin work with their organisations in 2014.

The research shows that for the first time in four years, the median salary for new graduates at the leading employers is set to rise in 2014, to £29,500 (see *Chart 12*). This is a modest £500 increase on the median starting salary in 2013 – which had remained unchanged at £29,000 since 2010 – and represents an annual rise of 1.7 per cent. In all, forty-one individual employers have improved 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 2013-2014 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.

Chart 12 How Starting Salaries for Graduates have Changed between 2004 and 2014

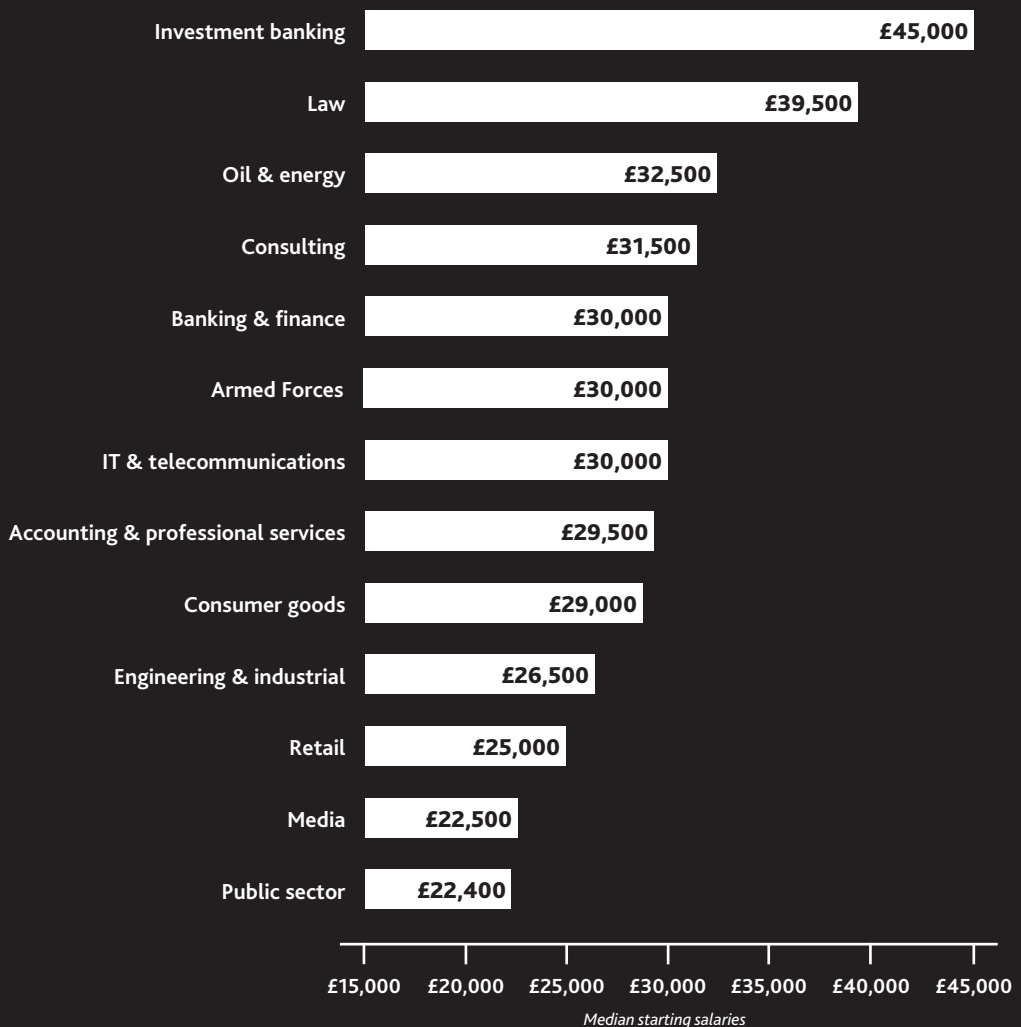


In 2014, the highest-paying UK employers are the investment banks and law firms (see *Chart 13*). Although very few banks openly publicise their graduate packages, this research confirms that the best-known employers in the City are currently paying between £36,000 and £55,000 to new recruits. Several of the leading law firms have increased their graduate starting salaries by either £500 or £1,000 in the last twelve months, taking the median pay for new recruits up to £39,500.

Five other sectors – oil & energy, consulting, 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 £22,400.

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 13 Graduate Salaries at the UK’s Top Employers in 2014, by Sector or Industry



Source - The Graduate Market in 2014

Changes in Graduate Recruitment during the Recession & Beyond

The global financial crisis had a major impact on graduate recruitment in the UK – between 2007 and 2009 vacancies at organisations featured in *The Times Top 100 Graduate Employers* fell by an unprecedented 23.3 per cent, with the number of entry-level positions reduced in thirteen of fourteen key industries and business sectors.

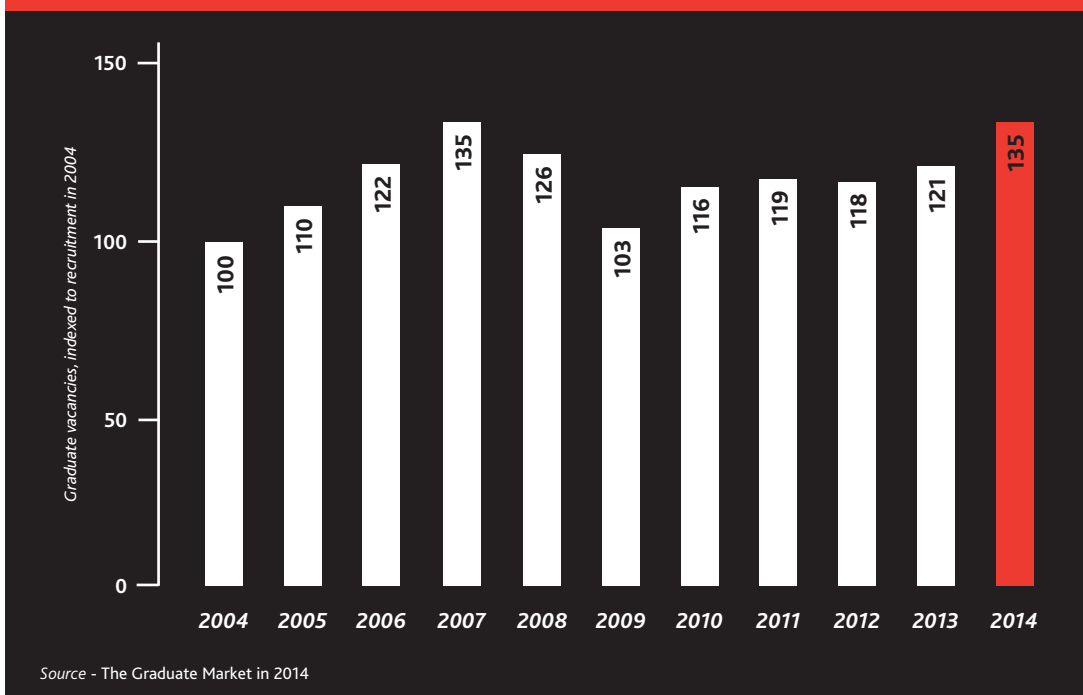
The most substantial cuts took place at the investment banks, IT & telecommunications firms, chemical & pharmaceuticals companies and within the media, where graduate vacancies halved during the course of just two recruitment rounds. There were sharp falls too in recruitment at consumer goods manufacturers, 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 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 2004 (see *Chart 14*). This indexing of vacancies shows that during the three recruitment seasons between 2005 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 again and vacancies grew by 12.6 per cent in 2010, with a further increase of 2.8 per cent in 2011. But the recovery stalled

Chart 14 Indexing Graduate Vacancies at the UK’s Top Employers 2004 to 2014

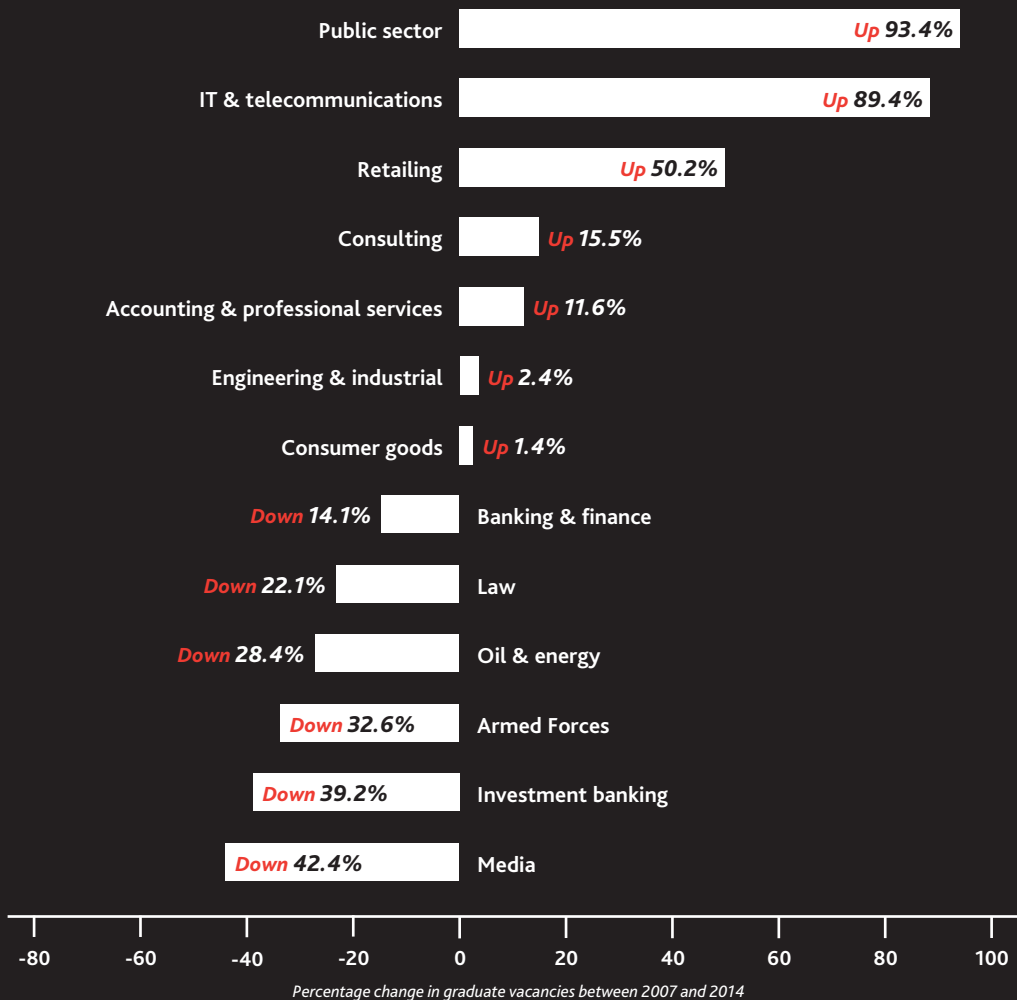


again in 2012 and graduate vacancies increased by just 2.5 per cent in 2013. This year's annual rise of 11.6 per cent means that graduate recruitment at the UK's best-known and most popular employers has now finally returned to the pre-recession level recorded in 2007.

Comparing the graduate recruitment targets for 2014 with the numbers hired seven years ago shows that within seven individual industries and business sectors, graduate vacancies are now higher than the year before the beginning of the recession (see *Chart 15*). Graduate recruitment at public sector employers and IT & telecommunications companies has almost doubled over the last seven years and the UK's leading retailers have stepped up their recruitment by more than 50 per cent.

By contrast, there are more than a third fewer entry-level positions at City investment banks this year compared with pre-recession recruitment levels and fewer graduate vacancies at the top banking & finance employers, law firms, oil & energy companies and the Armed Forces. The worst-hit sector is the media where the number of graduate jobs is still two-fifths lower than before the downturn.

Chart 15 How Graduate Vacancies Changed 2007 to 2014, by Sector or Industry



Source - The Graduate Market in 2014

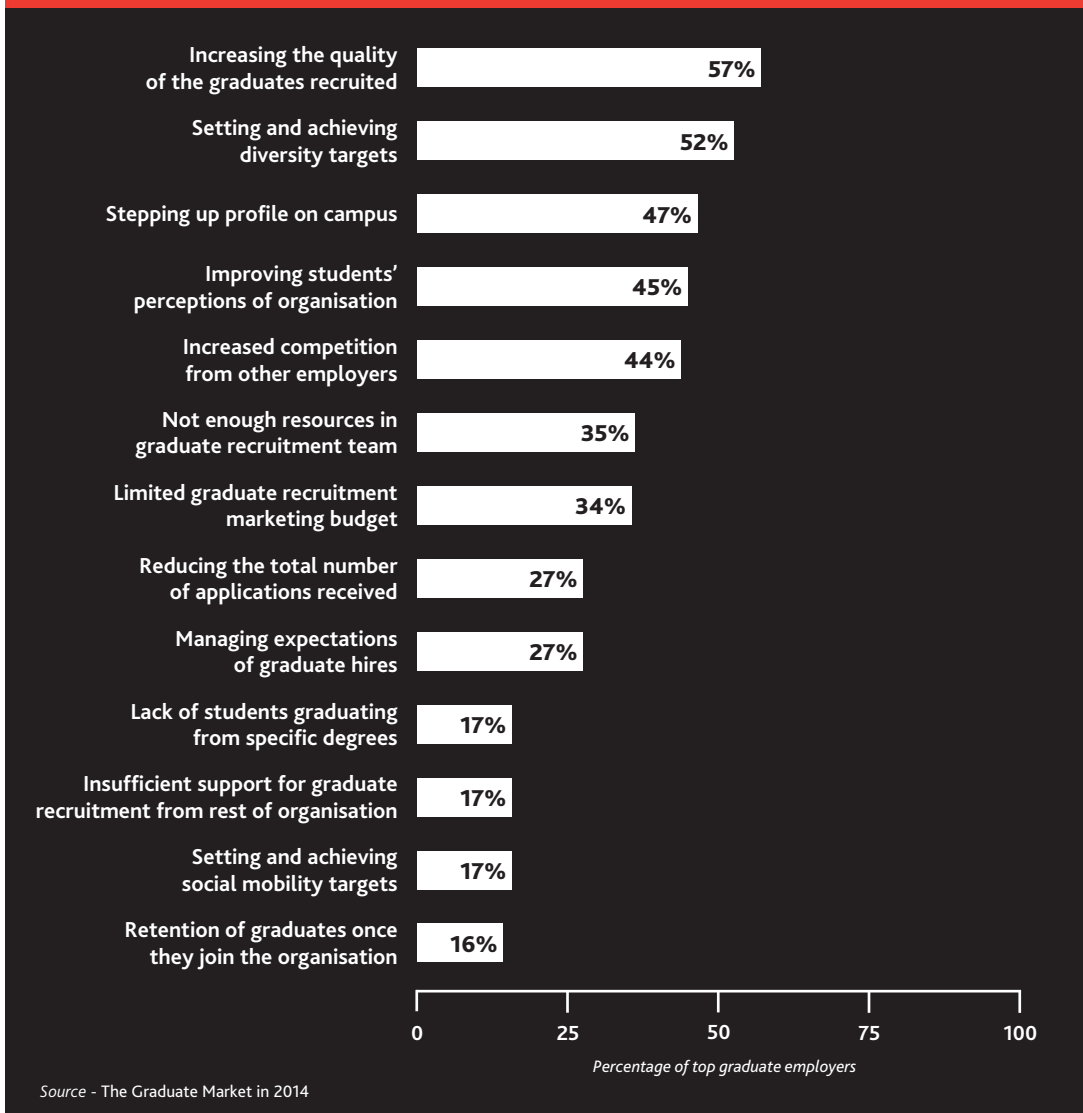
Outlook for Graduate Recruitment in 2015

The final part of the research looked ahead to the likely level of graduate vacancies at the country’s leading employers in 2015.

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

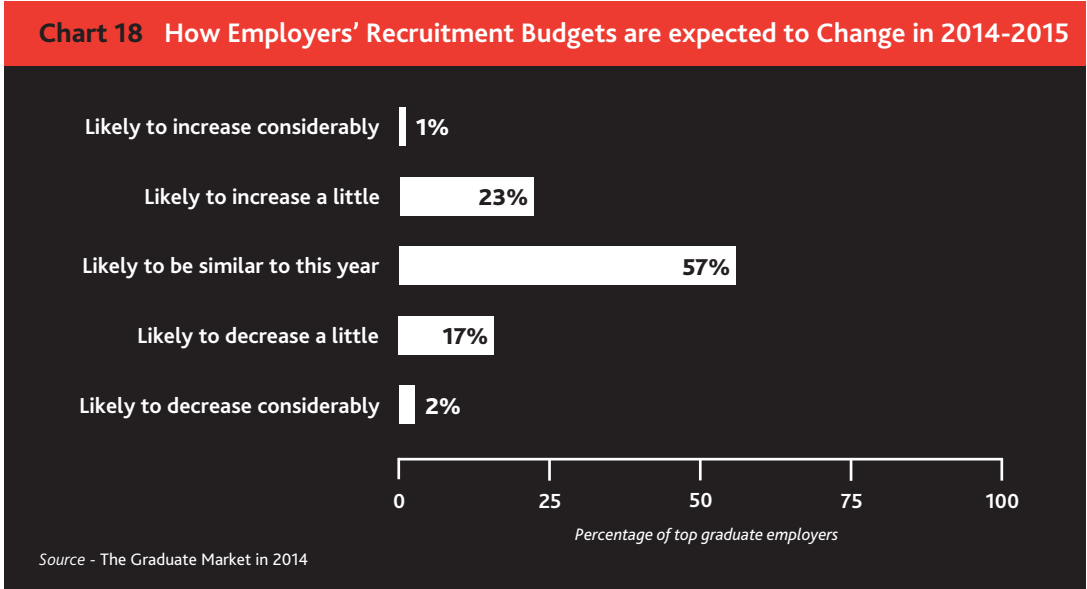
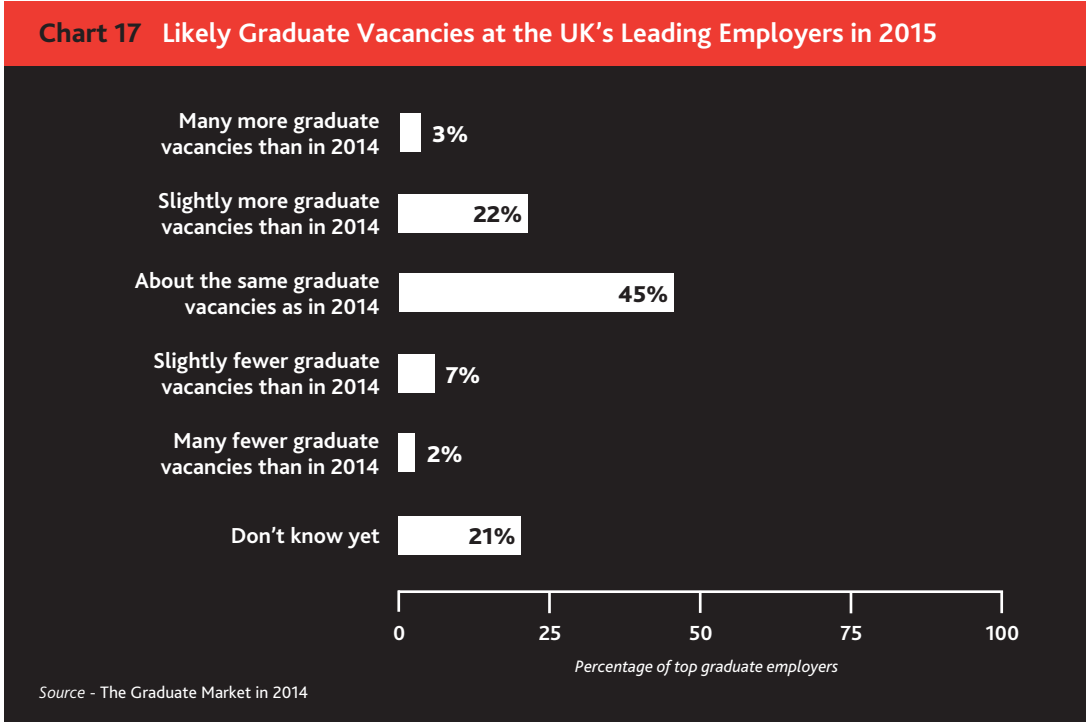
When asked about their priorities and challenges for the 2013-2014 graduate recruitment season, more than half of recruiters said they would be focusing on increasing the quality of the graduates they recruited, and setting and achieving diversity targets for their graduate recruitment (see *Chart 16*). Similar numbers felt they need to build up their profile on campus and improving students’ perceptions of their organisation.

Chart 16 Graduate Employers’ Challenges & Priorities for 2014-2015



More than 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. A quarter of employers said they would be actively trying to reduce the total number of applications they received.

The majority of graduate employers believed that their graduate recruitment budgets would be maintained or increased for the 2014-2015 recruitment round. Three-fifths thought they would have a similar amount to spend in the coming year, twenty-four organisations expected their budget would increase (see *Chart 18*), but a fifth of recruiters feared that spending on graduate recruitment would be cut in the year ahead.



Summary of Research

This end-of-year update to *The Graduate Market in 2014* 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 2014.

The research confirms that graduate vacancies at employers featured in the latest edition of *The Times Top 100 Graduate Employers* have risen by 11.6 per cent in 2014 – the biggest annual rise for four years – taking graduate recruitment to its highest level since 2007. Graduate vacancies increased by 2.5 per cent in 2013 after a dip of 0.8 per cent in 2012 and rises of 2.8 per cent in 2011 and 12.6 per cent in 2010.

Application levels for the best graduate jobs have increased slightly year-on-year, with the leading employers receiving an average of 8,600 applications each and 39 applications per graduate vacancy in 2014.

The median graduate starting salary at the country's top employers has increased by £500 to £29,500 for 2014, the first time since 2010 that starting salaries for new graduates have risen.

Table 19 Analysis of Graduate Recruitment in 2014, by Industry or Business Sector

Industry or Business Sector	Changes in vacancies in 2014	Applications per vacancy in 2014 (2013)	Median graduate starting salaries in 2014	How median salaries have changed since 2013
Accounting & professional services	▲ 23.8%	21.3 (25.2)	£29,500	▲ £500
Armed Forces	▲ 12.1%	7.5 (10.6)	£30,000	NO CHANGE
Banking & finance	▲ 11.7%	62.7 (71.4)	£30,000	NO CHANGE
Consulting	▲ 27.2%	26.2 (27.6)	£31,500	NO CHANGE
Consumer goods	▲ 1.4%	186.3 (162.0)	£29,000	NO CHANGE
Engineering & industrial	▲ 15.5%	53.7 (46.9)	£26,500	▼ £1,000
Investment banking	▼ 2.5%	38.4 (40.4)	£45,000	NO CHANGE
IT & telecommunications	▲ 11.6%	32.5 (34.4)	£30,000	NO CHANGE
Law	▲ 3.9%	34.5 (35.2)	£39,500	▲ £500
Media	▲ 28.0%	86.6 (124.4)	£22,500	-
Oil & energy	▼ 8.5%	97.8 (84.1)	£32,500	NO CHANGE
Public sector	▲ 9.2%	33.9 (33.7)	£22,400	▲ £400
Retailing	▲ 7.4%	58.8 (68.7)	£25,000	▼ £1,000
ALL SECTORS	▲ 11.6%	39.2 (42.5)	£29,500	▲ £500

Source - The Graduate Market in 2014