

Coronavirus Update

The Graduate Market in 2020

Introduction

For the last fifteen years, **High Fliers Research** has provided an independent biannual review of graduate vacancies, starting salaries, work experience programmes and recruitment practices at the UK's leading graduate employers, based on research with recruiters in January and July each year.

Our most-recent report on **The Graduate Market in 2020**, published in January, revealed that the country's best-known and most-successful employers were expecting to increase their graduate intake by 3.3% in 2020, the third year running that vacancies for new graduates had risen.

Almost a quarter of entry-level graduate jobs were cut during the global financial crisis a decade ago, and it took until 2016 for graduate vacancies to return to 2007 levels, the pre-recession peak in recruitment.

Since the onset of the Coronavirus crisis in the UK in mid-March, many of the country's leading graduate employers have been forced to change their plans for this summer's work experience programmes and their graduate recruitment for autumn 2020.

This special 'Coronavirus Update' report has been compiled from research conducted with graduate recruiters during the final week of April and the first week of May 2020. It provides the latest assessment of how work experience programmes and this year's planned intake of new graduates at the UK's top employers are being affected by the continuing crisis.



Employers included in the Research

Research for **The Graduate Market in 2020** is conducted with employers featured in *The Times Top 100 Graduate Employers*, the rankings of the UK's most prestigious graduate employers that is compiled annually through face-to-face interviews with up to 20,000 final year university students.

The research analyses graduate recruitment at employers in fifteen individual industries and business sectors, including investment banking, technology, accounting & professional services, the Armed Forces, law, consumer goods, engineering & industrial, the media, retailing, oil & energy, consulting, and the public sector.



We are grateful to the graduate recruiters from eighty-seven employers that took part in the research for this special *Coronavirus Update*.

Work Experience Programmes for Summer 2020

In January's report on *The Graduate Market in 2020*, the UK's leading graduate employers confirmed that they were planning to offer a record 13,514 places on work experience programmes in 2020. Three-quarters of top graduate employers were intending to provide paid internships or summer work placements for undergraduates in their penultimate year of university and up to third of employers were hosting work experience programmes for first year students too.

From the onset of the Coronavirus crisis in mid-March and the 'stay home' instruction that followed, it was evident that many employers would not be able to deliver their planned summer work experience programmes that had typically been due to begin in late June or early July.

The latest assessment of the current situation shows that one in six top employers have elected to cancel this year's programmes (see *Chart 1*) and half are making changes to the practical arrangements for their work experience students. Just six per cent of employers are hoping to continue with their internships or work placements as planned and nine per cent are currently reviewing their programmes.

Employers who have been forced to cancel this summer's planned work experience include two major engineering & industrial companies, two of the Big Four accounting & professional services firms, and two of the largest high street banks.

A third of employers have confirmed that they are switching their work experience online, providing virtual internships or placements for undergraduates who had already been offered work experience with their organisations. A fifth of employers are delaying their placements, potentially to start dates in late July or early August, in the hope that the current restrictions may have been lifted by then. A similar proportion of employers are reducing the length of their programmes – either because of implementing later start dates or because they are switching to virtual placements. Encouragingly, just six per cent of employers said they expect to reduce the number of places available at their organisations this summer.

Graduate employers that are moving to virtual work experience programmes include ten leading law firms, five investment banks or fund managers, three accounting & professional services firms, as well as organisations in the retail, consulting and media sectors.

It is clear from the research that the key challenge for many recruiters has been when they should attempt to make definitive decisions about their programmes. The speed with which the Coronavirus crisis overtook the UK and its economy was unprecedented and occurred just twelve weeks before most summer internships and work placements were due to start.

Some employers took very early decisions – within a fortnight or so of the beginning of the 'lockdown' – that they would not be able to deliver their planned programmes, either because the lack of physical access to their offices or work sites would render placements impossible or because there would be less meaningful work available for undergraduates to complete.

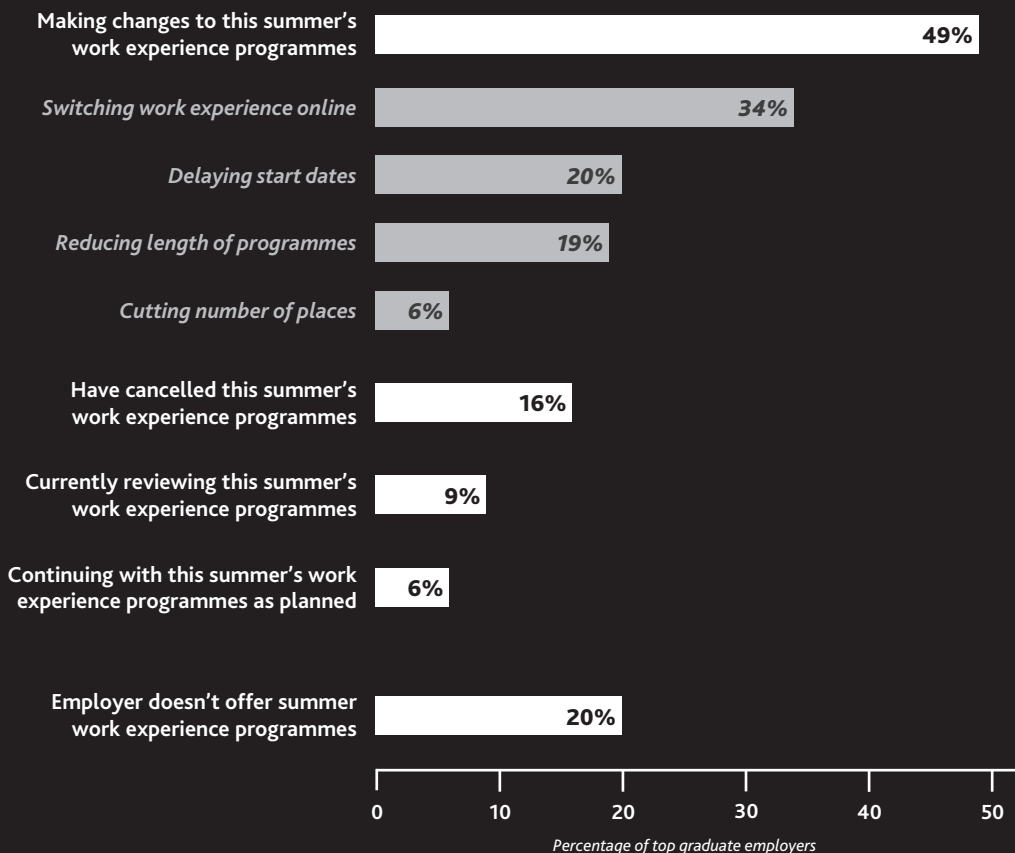
Many other organisations are still debating how to proceed or have simply pushed-back their start dates in the hope that the current restrictions may be lifted sufficiently over the next six to eight weeks to enable their planned placements to go ahead in person. At the time of this research, the Government had yet to announce its plans for businesses in the UK to return to work and the on-going social distancing and other measures that may be necessary in the workplace in the future.

Given that internships and summer work placements for penultimate year students play such an important part in the graduate recruitment pipeline for employers in different sectors, it's no surprise that recruiters have been working hard to ensure that as many students as possible are left with a positive impression of their organisation and have the opportunity to progress to a graduate job offer in 2021.

Nevertheless, the arrangements that a number of individual employers have put in place are impressive. Two of the 'Big Four' accounting & professional firms have already announced that although they have cancelled their summer work experience programmes altogether, every student that had been accepted for a work placement will now be automatically offered a full-time graduate job for after university. Several other employers have confirmed that students who were due to complete placements this summer will be fast-tracked to the final assessment round for their 2021 graduate intake.

A well-known City investment bank has reduced its usual 10-week internship to a five-week virtual experience but is paying its interns in full for the whole internship. Other employers are making one-off goodwill payments for work experience programmes that have been reduced, postponed or cancelled. And one major oil & energy company that is cutting the length of its summer internships has said it will still pay students for the 11 weeks' work that they were originally promised.

Chart 1 Employers' Plans for Work Experience Programmes this Summer



Source - The Graduate Market in 2020

Graduate Recruitment since the Start of the Coronavirus Crisis

At the beginning of the Coronavirus crisis in mid-March, two-fifths of the UK’s top graduate employers had already completed the recruitment for their organisation’s graduate vacancies in autumn 2020 (see *Chart 2*). A quarter of employers had closed off their applications for this year’s graduate vacancies – often in either December or January – but had yet to complete the latter stages of their selection & assessment processes and hadn’t finished making all their graduate job offers.

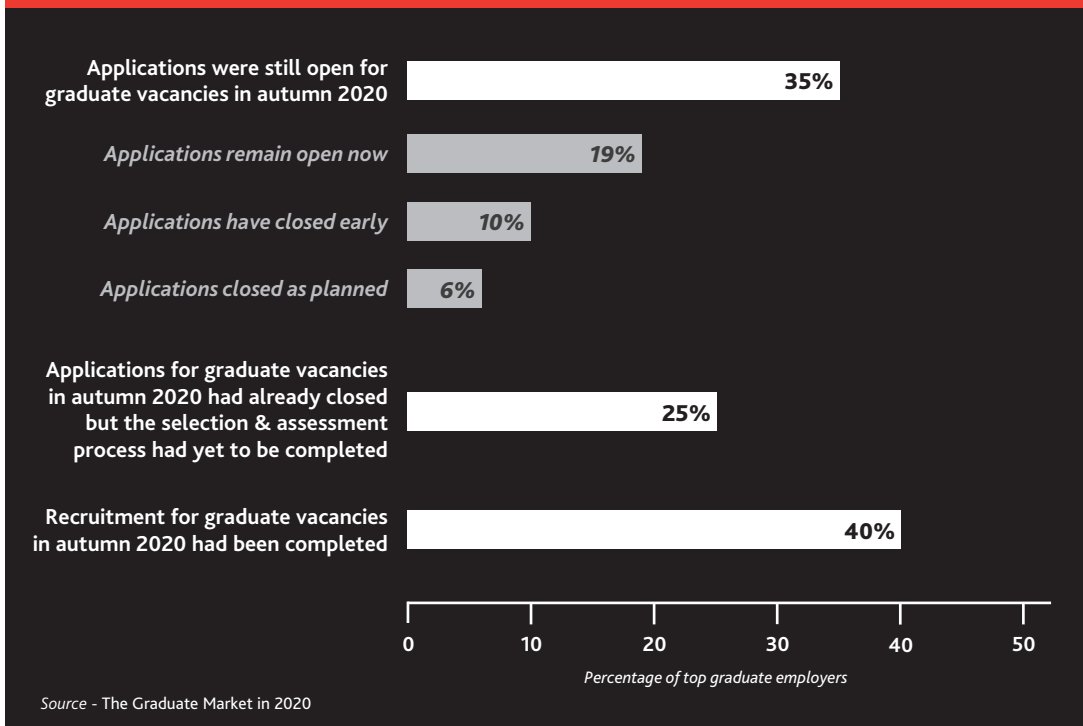
The remaining 35 per cent of employers were still accepting new applications for graduate vacancies for autumn 2020 in mid-March. In the six weeks since, the majority of these employers have opted to keep their applications open or have closed-off their applications in accordance with their previously-published application deadlines. One in ten employers took the decision to close their graduate applications earlier than originally planned.

Out of the three-fifths of employers that were accepting applications or had candidates progressing through the selection & assessment process at the start of the Coronavirus crisis, two-fifths are continuing to evaluate candidates (see *Chart 3*), but a fifth of recruiters confirmed that they have now suspended this year’s selection & assessment process.

Employers that are continuing with recruitment have inevitably been forced to move all of their remaining assessments online, including their final-round selection centres that would have normally included group exercises, face-to-face interviews and networking sessions.

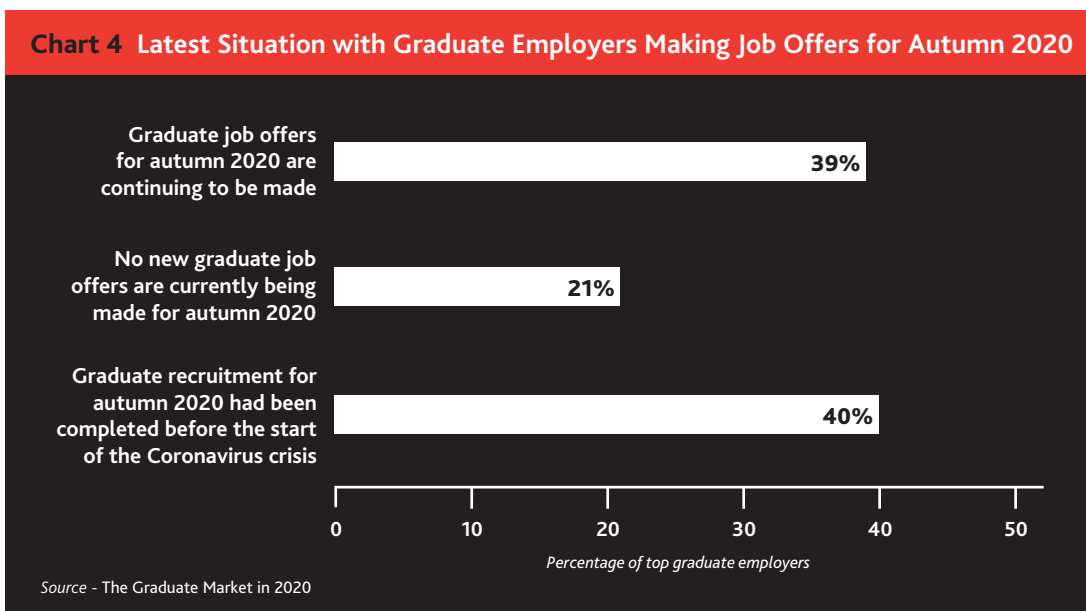
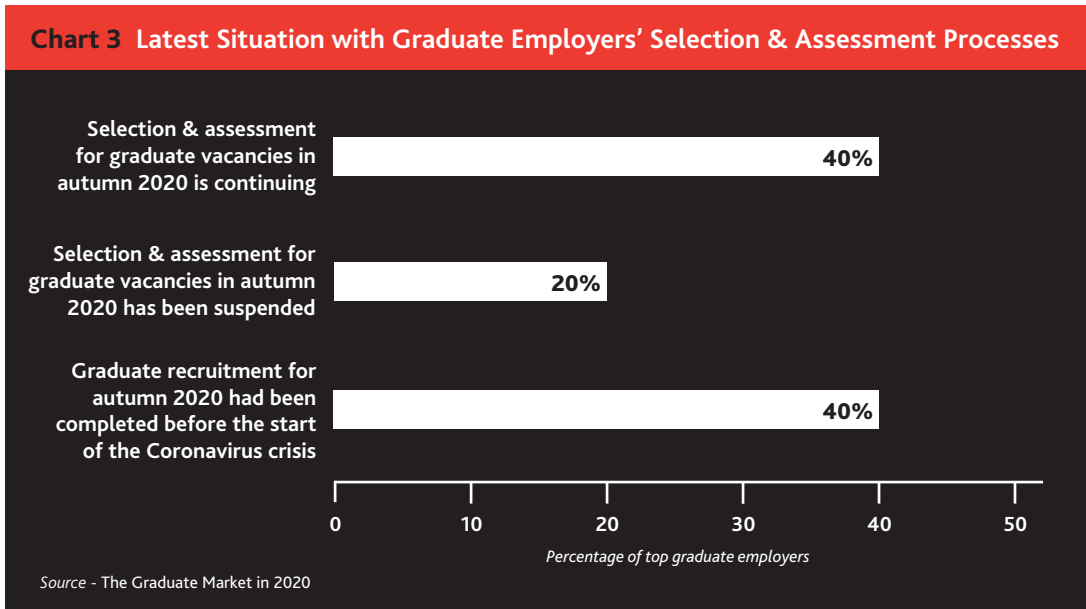
Two-fifths of employers are continuing to make graduate job offers for autumn 2020 start dates but a fifth of organisations have stopped making new offers – either because their graduate recruitment for 2020 has been scaled back or because their organisations’ requirements are uncertain at this stage (see *Chart 4*).

Chart 2 Employers’ Graduate Recruitment at the Start of the Coronavirus Crisis



Graduate employers that are continuing to accept new applications for 2020 start dates include all three of the Armed Forces, two of the ‘Big Four’ accounting & professional services firms, three major retailers, two graduate employers in the media sector, and one leading engineering & industrial company. However, graduate recruitment at five other well-known engineering employers has now been stopped, although there is no suggestion that candidates with existing graduate job offers will not be able to join these organisations as planned later this year.

Four of the six accounting & professional services firms featured within the research have closed-off graduate applications early and have suspended their selection & assessment processes. Graduate recruitment at these firms had not been completed for 2020, so it is possible that some of their application and recruitment processes may be restarted later in the summer.



Outlook for Graduate Recruitment in 2020

Although graduate recruitment for 2020 is at various different stages for many of the UK’s leading employers – and the planned start dates for new graduate recruits are still typically four or five months away – recruiters are already looking ahead to the practical arrangements for graduates due to join their organisations in the autumn.

More than half of the country’s top recruiters believe that graduates who have been offered jobs at their organisations for autumn 2020 will start work as planned, mostly in either September or October (see *Chart 5*). But one in six employers are preparing to postpone the start dates for some or all of this year’s graduate intake.

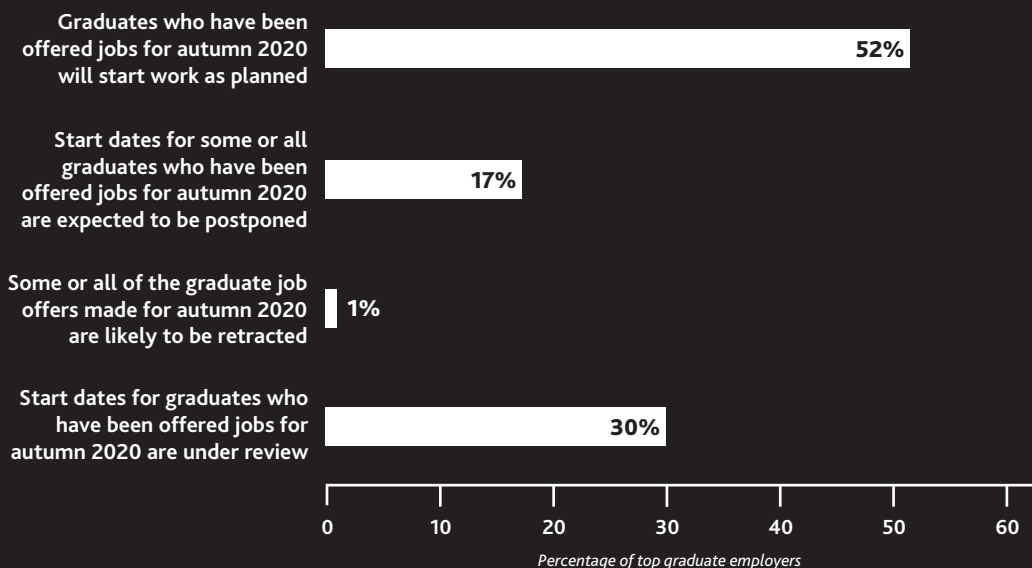
In most cases this would be a delay of a few weeks, but a handful of employers are considering moving their graduate start dates back to either December or March. For the majority of employers, the decision to postpone the arrival of their graduates seems to be due to the difficulties associated with delivering virtual inductions and having sufficient work that can be completed remotely, rather than a reduced requirement for new recruits.

Almost a third of employers say that they are keeping the start dates for new graduates under review. Just one organisation expects that it will need to withdraw some of the job offers that it has already made for this autumn but several others have warned that they may be forced to change the location of graduates’ jobs or reduce their planned intake later in the year.

Understandably, recruiters have already been contacted by a substantial number of final year university students who are holding graduate job offers for September or October and want to know whether their start dates will be changed or if their offers may be withdrawn.

Despite the significant uncertainty that the current situation has inevitably brought, it is striking that there seems to be a collective determination amongst the UK’s top employers that virtually every graduate who has already been offered a job in 2020 should be able to start work with their organisations this year, even if for some, it is a little later than planned.

Chart 5 Impact of Crisis on Job Offers already made by Graduate Employers for 2020



Source - The Graduate Market in 2020

Almost three-fifths of the country's top graduate employers expect that their eventual graduate intake for 2020 will be the same as had been originally planned, with two public sector organisations actually preparing to recruit additional graduates this year (see *Chart 6*).

But a third of employers are warning that they are likely to take on 'slightly fewer' graduates than expected this year and seven per cent say they will be hiring 'significantly fewer' new recruits to start work at their organisations this autumn. These include two major engineering & industrial companies, a high-street retailer and an accounting & professional services firm.

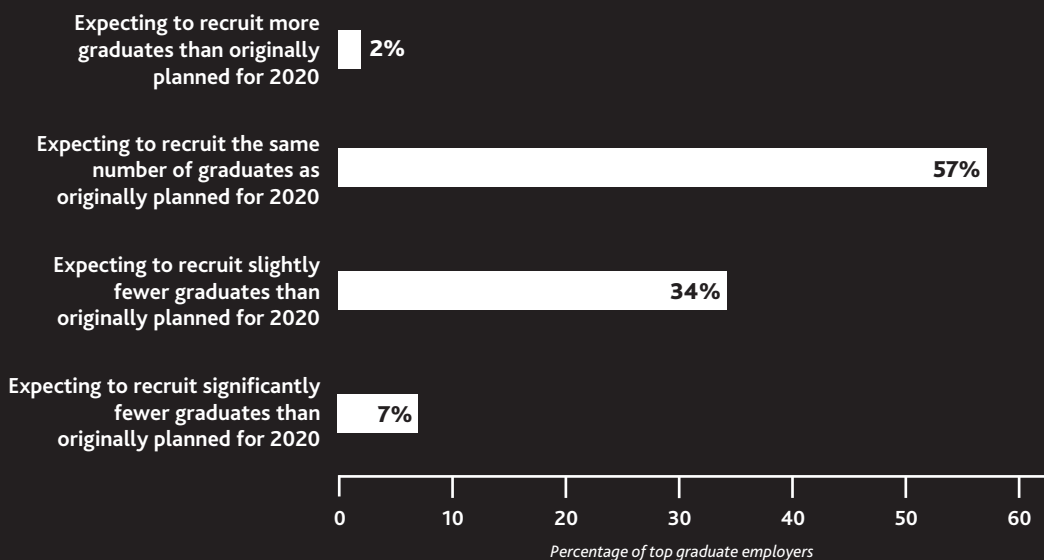
In addition to the obvious logistical difficulties that the Coronavirus crisis has brought for graduate recruiters, this research also highlights the dilemma that many employers are facing – balancing the need to make short-term savings for their business by reducing recruitment, versus protecting the medium-term pipeline of new talent for their organisations.

Graduate recruitment has always been a substantial but crucial investment for the UK's top employers, even in turbulent times. New graduates who start work with their first employer this autumn will typically take two or three years to complete their initial professional training, before they can begin their first significant managerial, operational or fee-earning roles in 2022 or 2023 – well beyond the immediate aftermath of the current crisis.

It is also evident from this research that experienced recruiters are determined to avoid the reputational damage that some well-known employers have suffered in the past, after shutting down their graduate recruitment and renegeing on job offers during the recessions in the early 1990s, 2001-2002 and the global financial crisis in 2008-2009. In particular, it is noticeable that several of the City's banking and finance employers that made swingeing cuts to their recruitment a decade ago are intending to take on their full complement of graduates this year.

As one graduate recruiter at a prominent investment bank explained: *"The current crisis that we are all facing is a humanitarian disaster, not one caused by economic failure, so we want to do everything we can as an employer to help today's graduates get through it."*

Chart 6 Expected Impact of Crisis on Employers' Graduate Recruitment in 2020



Source - The Graduate Market in 2020

Summary & Conclusions

This special *Coronavirus Update* on **The Graduate Market in 2020** highlights the changes that the UK's leading graduate employers are making to this summer's work experience programmes and their planned graduate recruitment for autumn 2020, in light of the continuing Coronavirus crisis:

- One in six major employers have been forced to cancel their summer work experience for penultimate year students and half are making changes to the format, timing or duration of their programmes.
- A third of employers have taken the decision to switch some or all of their work experience to virtual internships or placements.
- By reducing the length of their work experience programmes and starting them later than planned, employers in a number of sectors are still hoping to be able to deliver work placements this summer.
- Employers that usually rely on their undergraduate work experience programmes to deliver candidates for their graduate pipeline are working hard to ensure that this continues. Some are making goodwill payments to students whose placements have been cancelled or are fast-tracking candidates to the final stage of next year's graduate selection process.
- At the beginning of the Coronavirus crisis, two-fifths of the UK's top graduate employers had already completed their recruitment for autumn 2020.
- Since then, the majority of graduate employers that were still accepting applications in mid-March – or had candidates going through the assessment process – have carried on recruiting. A fifth of graduate employers have opted to suspend their selection & assessment processes and have stopped making graduate job offers.
- More than half of the UK's leading employers expect that the graduates they have already recruited will begin work in autumn 2020 as planned, but a sixth are delaying the start dates for some or all of their new graduates. Up to a third of employers are continuing to review when and how their 2020 graduate intake will start work.
- Overall, three-fifths of employers expect to recruit the same number of graduates as originally planned, a third think they will take on 'slightly fewer' new recruits and 7 per cent predict they will employ 'significantly fewer' graduates this year.

This research took place six weeks into the UK's 'lockdown' period, following the Government's instruction to 'stay home' in the final week of March. With up to 20 weeks to go before this year's new graduates are due to join their first employer in the autumn, it is too early to make meaningful predictions about how many jobs will be available for the 'Class of 2020' at the UK's top employers.

However, it is clear – and very encouraging to see – that having invested so much time, effort and resources into recruiting this year's graduates, the vast majority of the country's leading employers are doing everything they can to ensure that their new recruits will be able to start work with their organisations this year, even if it is a little later than planned.

7th May 2020