

The Graduate Market in 2020

Introduction

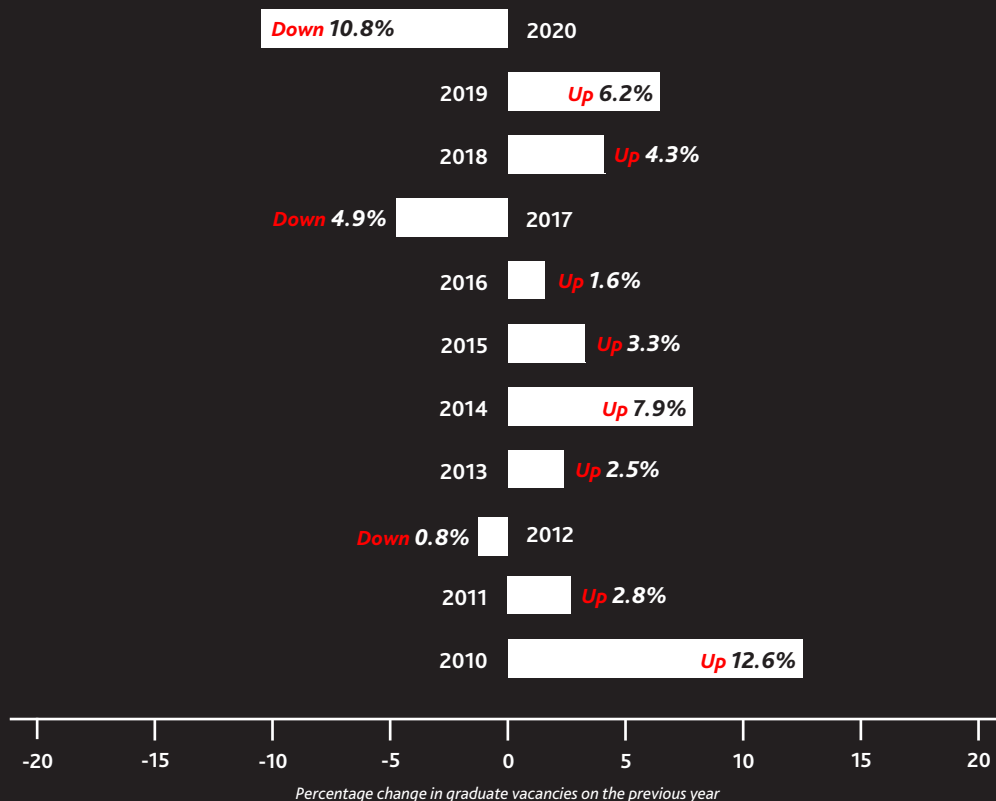
When **The Graduate Market in 2020** report was published in January 2020, it revealed that the UK's best-known and most successful employers were planning to increase their graduate recruitment for the third year running in 2020, taking graduate vacancies to their highest-ever level.

For this end-of-year review, **High Fliers Research** returned in August and September to the employers that took part in the original research to assess how the continuing Coronavirus crisis has affected graduate recruitment in 2020 and employers' recruitment plans for 2021.



Employers participating in the research are those featured in *The Times Top 100 Graduate Employers*, the annual league table of the UK's most sought-after employers for university-leavers, researched from interviews with up to 20,000 final year students.

Chart 1 Annual Change in Graduate Vacancies at the UK's Top Employers 2010-2020



Source - The Graduate Market in 2020

Changes to Graduate Vacancies in 2020

During the first half of the 2019-2020 graduate recruitment season, the UK’s leading employers set their highest-ever graduate recruitment targets. Employers in twelve out of fifteen key industries and business sectors expected to recruit more graduates than they had in 2019 and across all of the organisations featured in *The Times Top 100 Graduate Employers* vacancies were set to increase by 3.3%, compared with graduate recruitment in 2019, the third annual rise in entry-level vacancies for university-leavers.

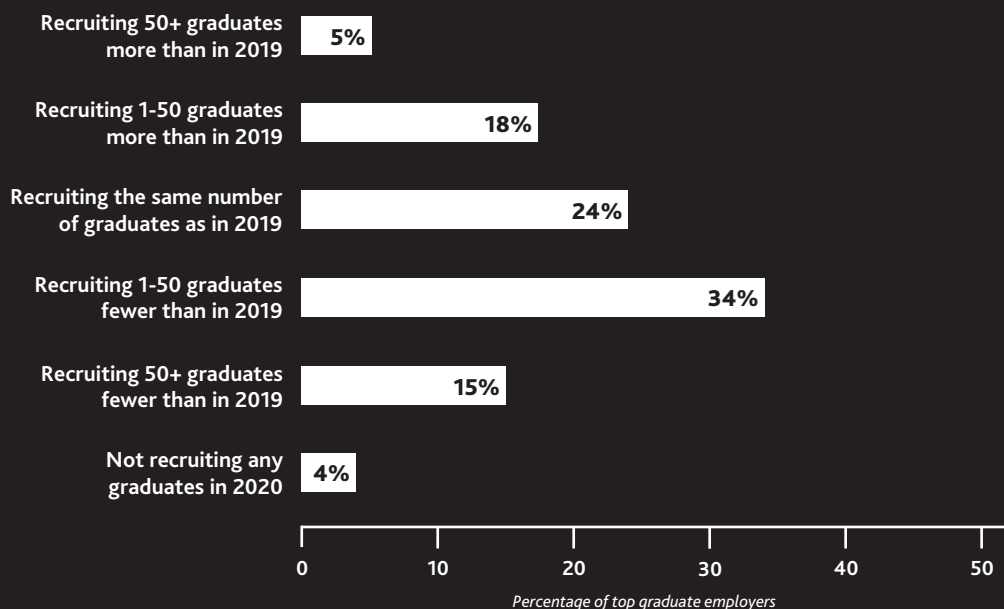
The onset of the Coronavirus crisis in the UK in March and the subsequent national lockdown brought unprecedented disruption to the economy. Although many of the country’s top employers had completed their graduate recruitment for 2020 by this point, a significant number of employers that were still recruiting opted to close applications early, scale back their remaining vacancies or leave graduate positions unfilled.

Happily, the vast majority of graduate job offers that were made before the pandemic took hold have been honoured by employers, although the start dates for some new graduates were delayed and in some cases postponed until early 2021.

The net effect of the Coronavirus crisis on 2020’s graduate recruitment was that the number of graduates recruited decreased at more than half of the UK’s leading graduate employers (see *Chart 2*) and year-on-year, entry-level recruitment dropped by 10.8%, the largest annual decrease in vacancies since 2009.

In the aftermath of the global financial crash twelve years ago, graduate recruitment at the UK’s top employers fell by a total of 23.3% in 2008 and 2009, and graduate vacancies were cut at three-fifths of organisations. And even though vacancies rebounded in 2010, it took a further five years before graduate recruitment returned to the pre-recession level recorded in 2007 (see *Chart 1*).

Chart 2 Changes to Graduate Vacancies at the UK’s Leading Employers in 2020

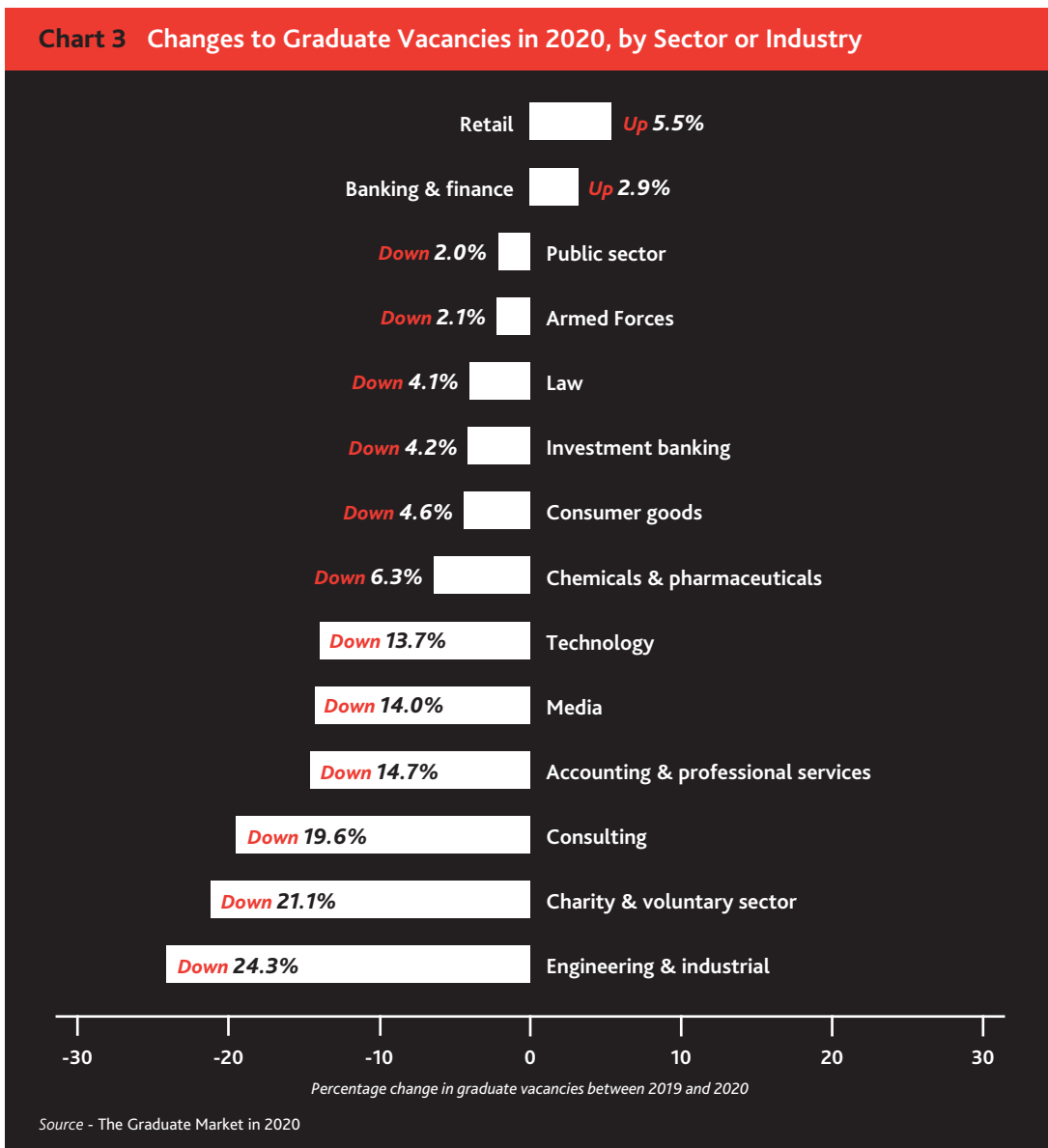


Source - The Graduate Market in 2020

Despite a dip in recruitment in 2017, following the UK’s vote to leave the European Union and the subsequent political turmoil and economic uncertainty brought by the Brexit process, graduate vacancies increased again in both 2018 and 2019. This means that during the ten years following the end of the recession in 2009, graduate vacancies at the UK’s leading employers rose by 39%, with eight annual increases recorded over the decade. Graduate employment in the public sector and technology more than doubled during this period.

The sharp fall in graduate vacancies in 2020, as a result of the Coronavirus pandemic, means that graduate recruitment was cut in thirteen out of fifteen industries and business sectors (see *Chart 3*). The hardest-hit sectors are accounting & professional services, consulting, charities, and the engineering & industrial sector – where the number of new graduate jobs fell by over 24%, compared with recruitment in 2019.

Just two key sectors – banking & finance and retail – recorded modest year-on-year increases in graduate recruitment in 2020.



Analysis of Graduate Vacancies in 2020

Comparing the number of graduates hired by the UK's top employers in 2020, with their planned recruitment targets from January 2020, shows that vacancies decreased in all fifteen key industries and business sectors represented in *The Times Top 100 Graduate Employers*, as a result of the Coronavirus crisis (see *Table 4*).

The biggest reductions were at the accounting & professional services firms where more than 900 trainee positions were cut or left unfilled. Almost 700 graduate vacancies were withdrawn by employers in the engineering & industrial and technology sectors, and the leading public sector employers recruited nearly 300 fewer graduates than expected. And although the banking & finance sector reported a year-on-year increase in graduate recruitment, the final number of hires was 10% lower than planned. The largest drop in graduate recruitment at a single organisation was the loss of 720 graduate vacancies, compared with its recruitment target from January 2020.

Overall, the UK's top employers reduced their graduate hiring by more than 3,300 vacancies over the last six months because of the Coronavirus pandemic. This is a reduction of 14% on planned graduate recruitment for the year and means that together the employers featured in *The Times Top 100 Graduate Employers* recruited 21,384 graduates, instead of the original target of 24,760 graduate vacancies.

Table 4 Analysis of Graduate Vacancies in 2020, by Industry or Business Sector

Industry or Business Sector	Actual graduates recruited for 2019, as confirmed in December 2019	Graduate vacancy targets for 2020, as updated in January 2020	Revised graduate vacancies for 2020, as updated in August 2020	Vacancies added (cut) since January 2020	% difference between graduates recruited in 2019 & vacancies in 2020
Accounting & professional services	5,209	5,357	4,444	(913)	▼ 14.7%
Armed Forces	1,686	1,700	1,650	(50)	▼ 2.1%
Banking & finance	1,855	2,152	1,908	(244)	▲ 2.9%
Charity & voluntary sector	142	162	112	(50)	▼ 21.1%
Chemicals & pharmaceuticals	158	150	148	(2)	▼ 6.3%
Consulting	250	265	201	(64)	▼ 19.6%
Consumer goods	175	185	167	(18)	▼ 4.6%
Engineering & industrial	1,970	1,840	1,491	(349)	▼ 24.3%
Investment banks	1,705	1,658	1,634	(24)	▼ 4.2%
Law	945	967	906	(61)	▼ 4.1%
Media	721	762	620	(142)	▼ 14.0%
Oil & energy	151	170	110	(60)	▼ 27.2%
Public sector	5,410	5,594	5,303	(291)	▼ 2.0%
Retailing	770	854	812	(42)	▲ 5.5%
Technology	1,967	2,044	1,698	(346)	▼ 13.7%
ALL SECTORS	23,964	24,760	21,384	(3,376)	▼ 10.8%

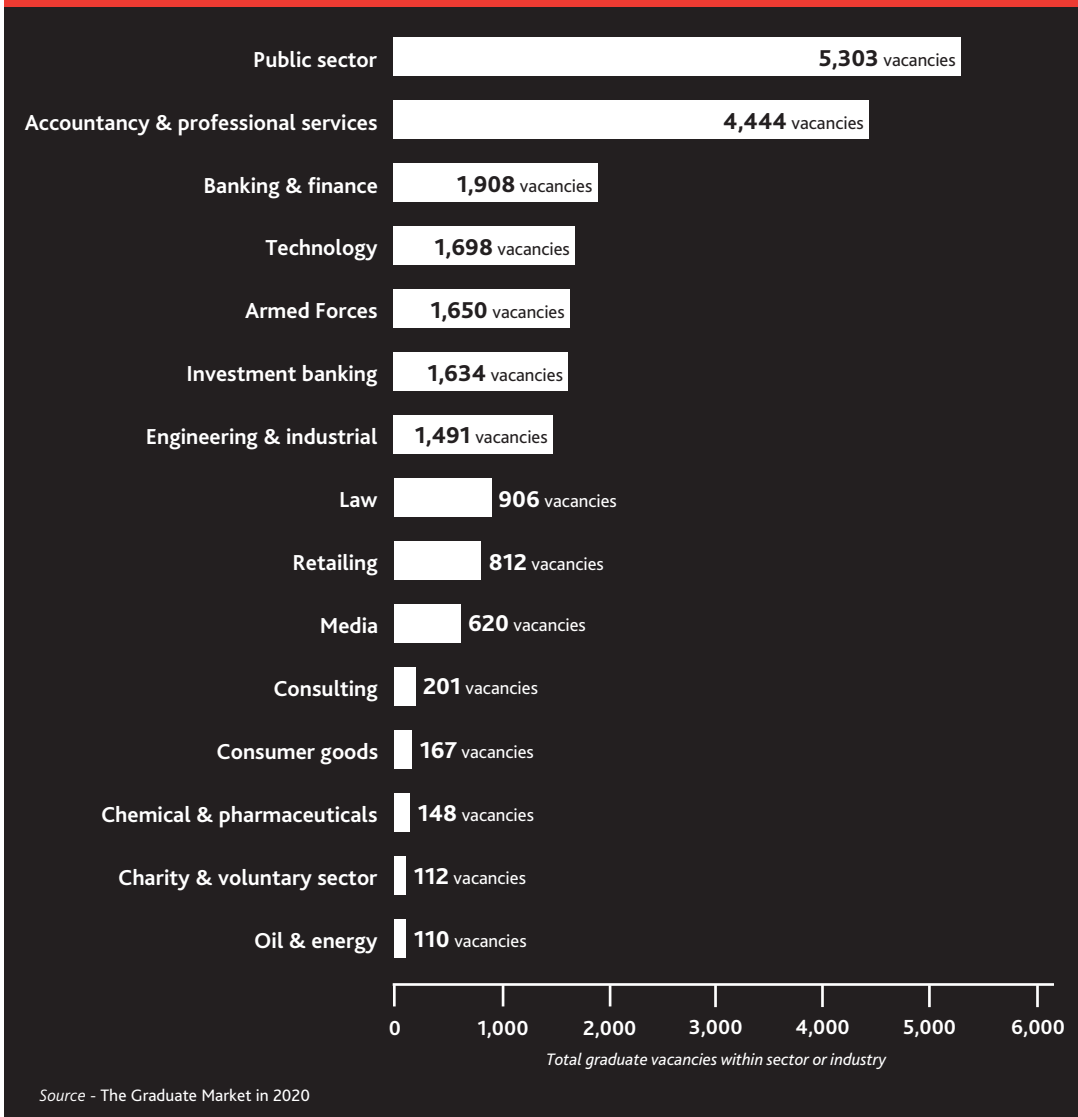
Source - The Graduate Market in 2020

The public sector became the year's biggest recruiter of new graduates, offering a total of 5,303 vacancies for 2020 (see *Chart 5*), almost a thousand more roles than were available at the leading accounting & professional services firms. Together these two sectors made up more than two-fifths of the total number of graduate vacancies at *The Times Top 100 Graduate Employers*.

Banking & finance, technology, the Armed Forces and investment banking provided a further third of graduate vacancies in 2020. But engineering & industrial employers, which were the third-largest recruiters of graduates in 2019, offered fewer than 1,500 graduate vacancies after recruitment was cut by a quarter.

The largest individual recruiter of graduates during 2019-2020 was Teach First, with an intake of over 1,600 graduates and a further three employers – accounting & professional services firms PwC and Deloitte, and the Civil Service Fast Stream – hired over 1,000 graduates to start work in either September or October 2020.

Chart 5 Graduate Vacancies at the UK's Top Employers in 2020, by Sector or Industry



Starting Salaries for Graduates in 2020

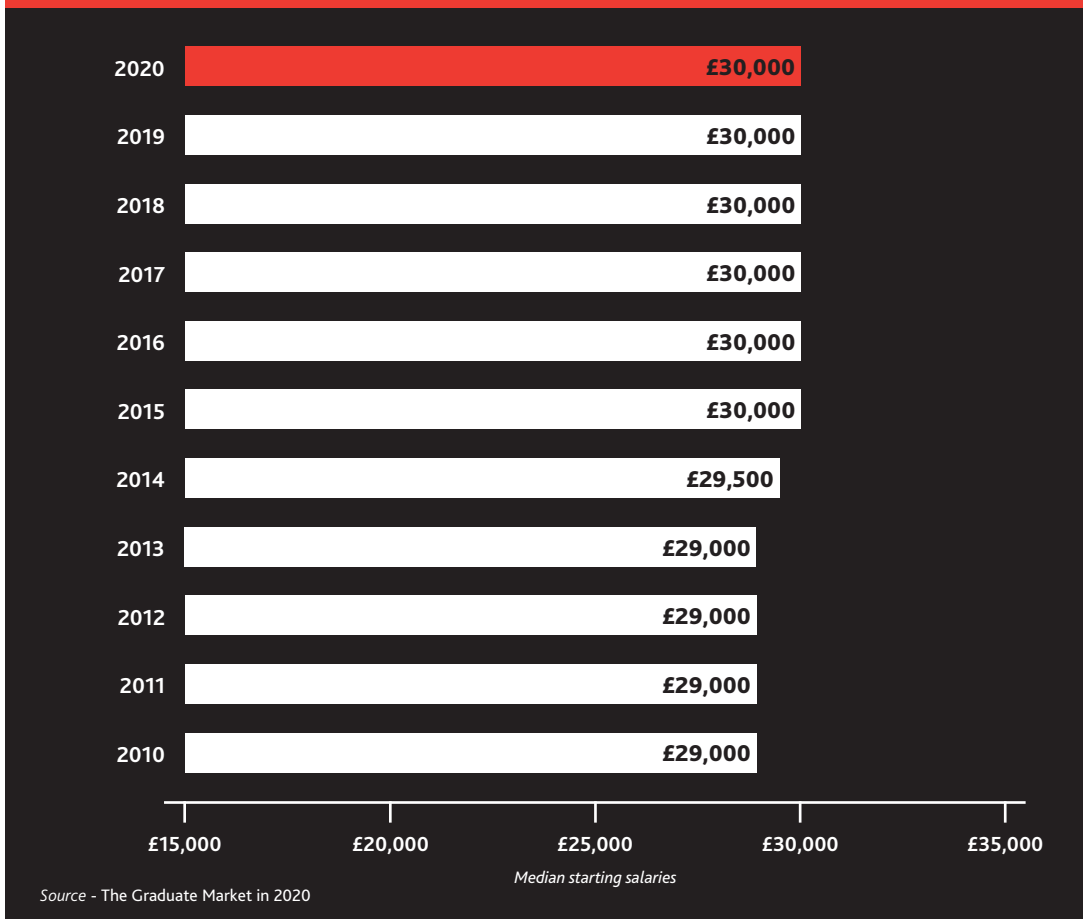
The Graduate Market in 2020 also analyses the starting salaries that the UK’s top employers are intending to pay new graduates who begin work with their organisations in 2020.

The research shows that for the sixth year running, the median graduate starting salary at the leading employers is £30,000 (see *Chart 12*). It is worth noting that almost all of the starting salaries for the 2020 graduate intake were confirmed before the onset of the Coronavirus pandemic, so the crisis has not had an impact on graduate pay so far.

The graduate starting salaries quoted for this year are the average national rates of pay that have been promoted by employers during the 2019-2020 recruitment round. The figures do not include additional benefits such as relocation allowances, starting work bonuses, regional weighting, subsidised company facilities or bonus schemes.

For three years between 2005 and 2007, graduate starting salaries rose by between 2.3 and 3.0 per cent annually – marginally higher than a cost-of-living rise each year – and by 4.1 per cent in 2008. Despite 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 graduate pay in 2010, largely because of significant increases in the salaries paid by the leading investment banks. The median starting salary then remained unchanged at £29,000 for four years running until 2013, before increasing by £500 per year in 2014 and 2015.

Chart 6 Median Graduate Starting Salary at the UK’s Top Employers 2010-2020

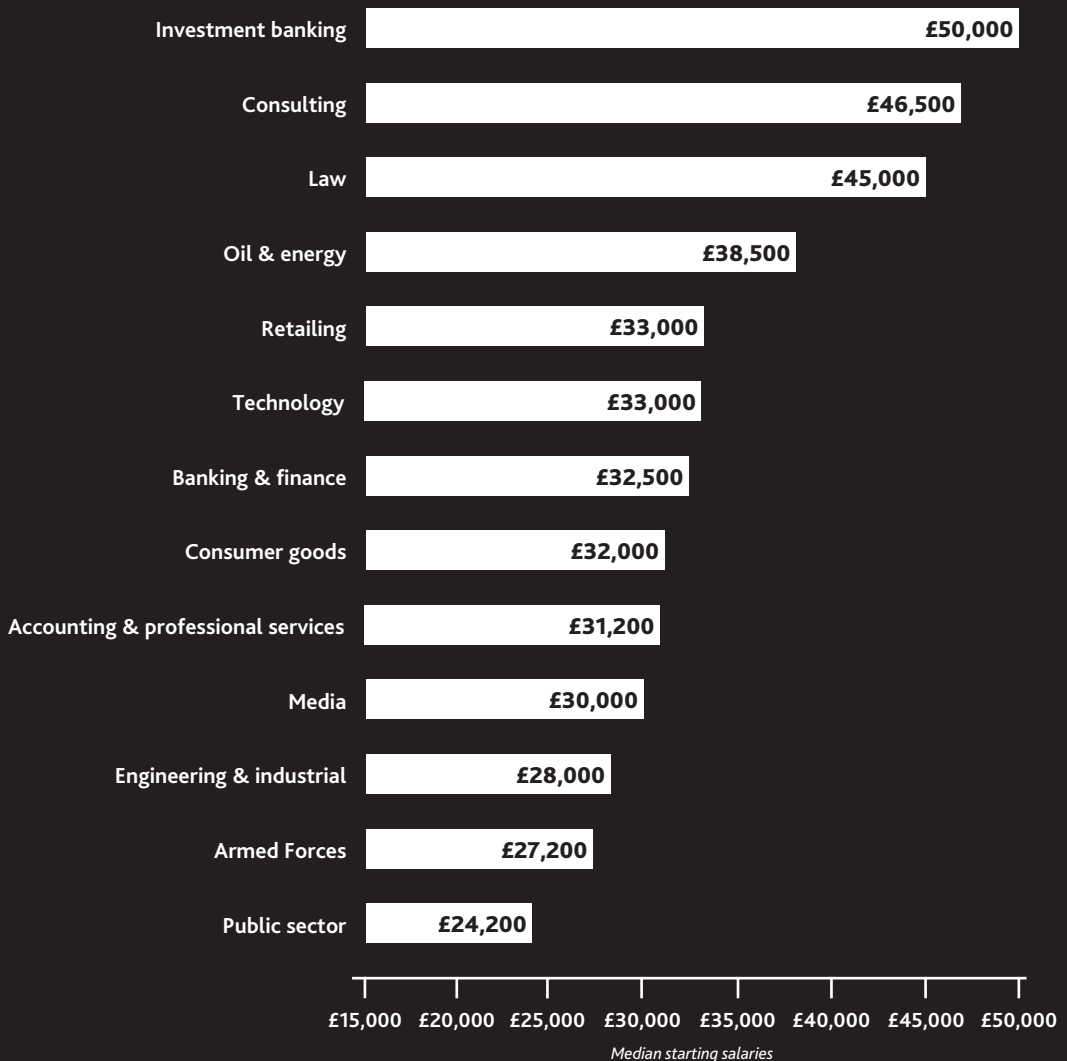


The highest-paying graduate employers in 2020 are the investment banks, consulting firms and law firms (see *Chart 7*).

Although few of the top banks reveal their graduate packages publicly, this research confirms that the best-known employers in the City are currently paying starting salaries of between £35,000 and £60,000 to new recruits. The median starting salary for associates at the top consulting firms has increased to £46,500 and many of the leading law firms have increased their graduate starting salaries by up to £5,000 over the last five years, taking the median pay for trainees to £45,000.

Six other sectors – oil & energy, retail, banking & finance, consumer goods, technology, and accounting & professional services – are now offering median graduate salaries of more than £30,000 this year. The lowest graduate starting salaries in 2020 are for university-leavers joining public sector employers or the Armed Forces.

Chart 7 Graduate Salaries at the UK's Top Employers in 2020, by Sector or Industry



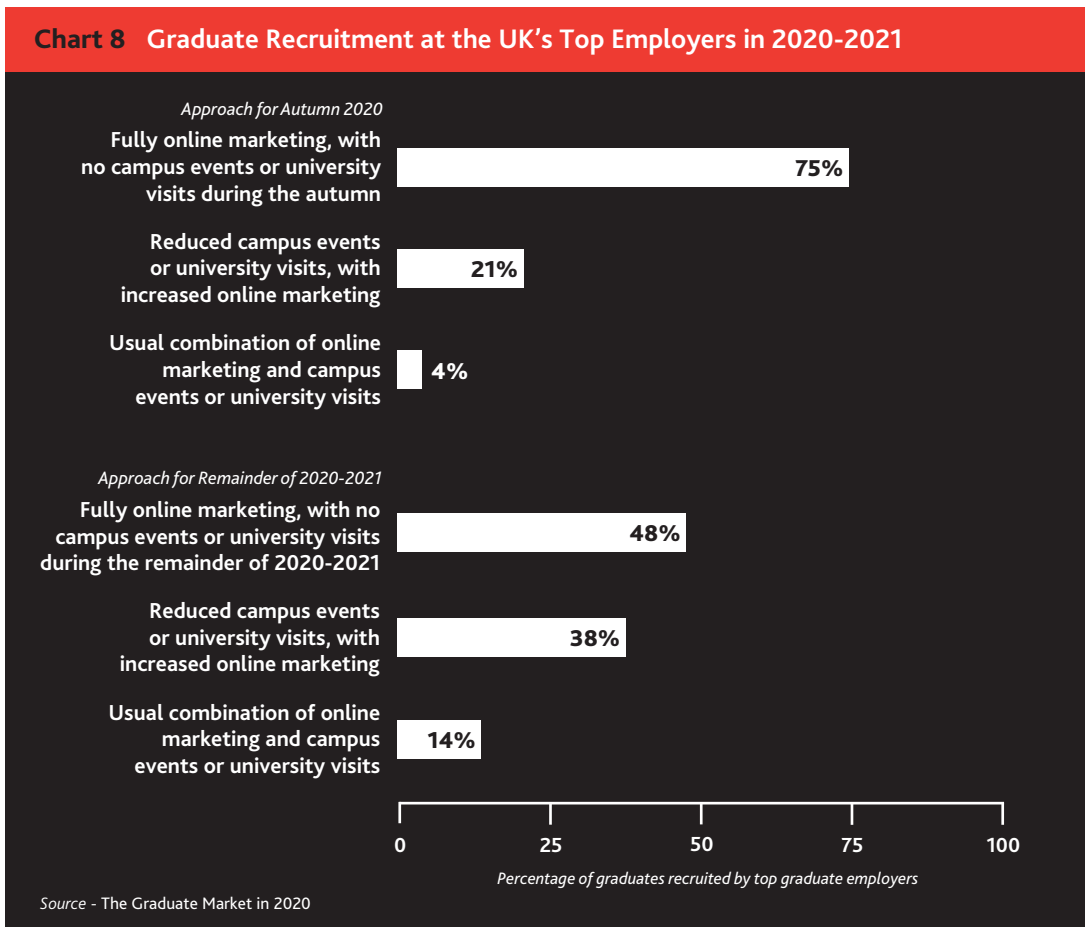
Source - The Graduate Market in 2020

Coronavirus and Graduate Recruitment during 2020-2021

In the weeks that followed the nation’s Coronavirus lockdown, almost every UK university confirmed that they would be offering ‘hybrid learning’ for some or all of the 2020-2021 academic year, providing most lectures online, with smaller seminars, tutorials, laboratory sessions and other practical work delivered in person, subject to the necessary social distancing restrictions. Universities were keen to stress that students themselves should return to their university accommodation, rather than continue to study remotely.

Much of employers’ planning for the next graduate recruitment round typically takes place between May and July, and during this period many organisations concluded that the ongoing risks from Coronavirus meant that they wouldn’t be able to take part in their usual programme of campus promotions. Similarly, university careers services announced that they would be switching their regular careers fairs into virtual events, either for the autumn or in some cases for the whole 2020-2021 academic year.

The latest research confirms that three-quarters of the UK’s leading graduate employers have opted for a fully-online marketing campaign for the autumn (see *Chart 8*), and a further fifth expect their marketing to be mainly online, with a limited number of small-scale campus events and visits, if social distancing restrictions permit them. Looking further ahead, almost half of graduate employers expect that their ‘virtual only’ approach will continue for the remainder of the academic year, although more are hopeful that they may be able to return to campus events after Christmas.

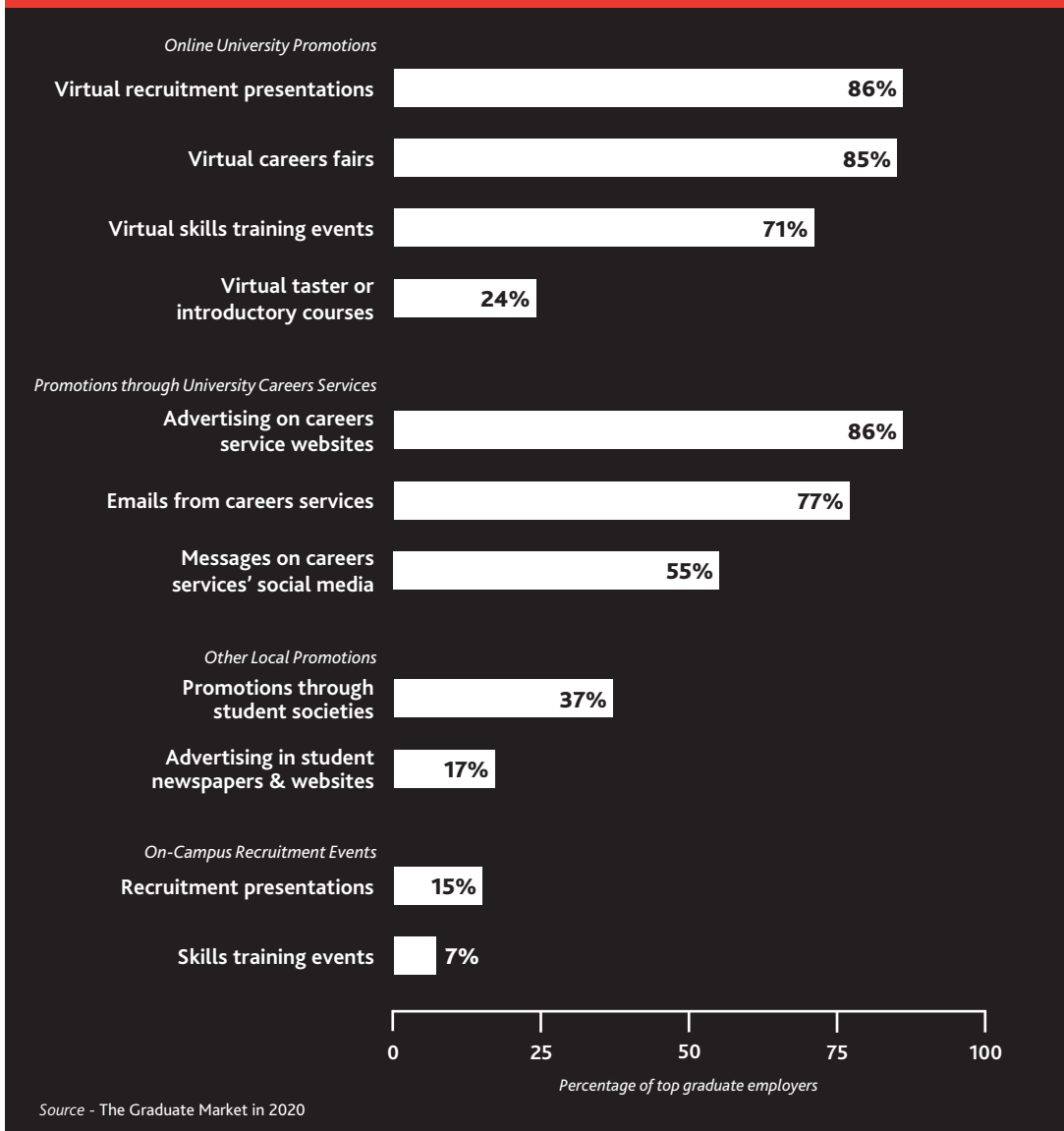


Graduate employers are preparing to use a wide range of virtual promotions during 2020-2021 to replace their usual programmes of campus careers fairs, university recruitment presentations, skills training sessions and business games.

Over four-fifths of employers will be providing recruitment presentations and briefings online (see *Chart 9*), with a similar number taking part in universities' virtual careers fairs during the autumn, as well as national and industry-specific virtual fairs. The majority of employers are expecting to make extensive use of the online resources and promotions provided by university careers services – either through advertising on careers service websites, email services or social media. And up to two-fifths plan to work with students societies and websites to publicise their graduate and work experience programmes in the coming months.

Just one in six employers are planning to host on-campus presentations and skills training sessions, if social distancing restrictions enable them to take place.

Chart 9 Graduate Promotions Planned by the UK's Top Employers for 2020-2021



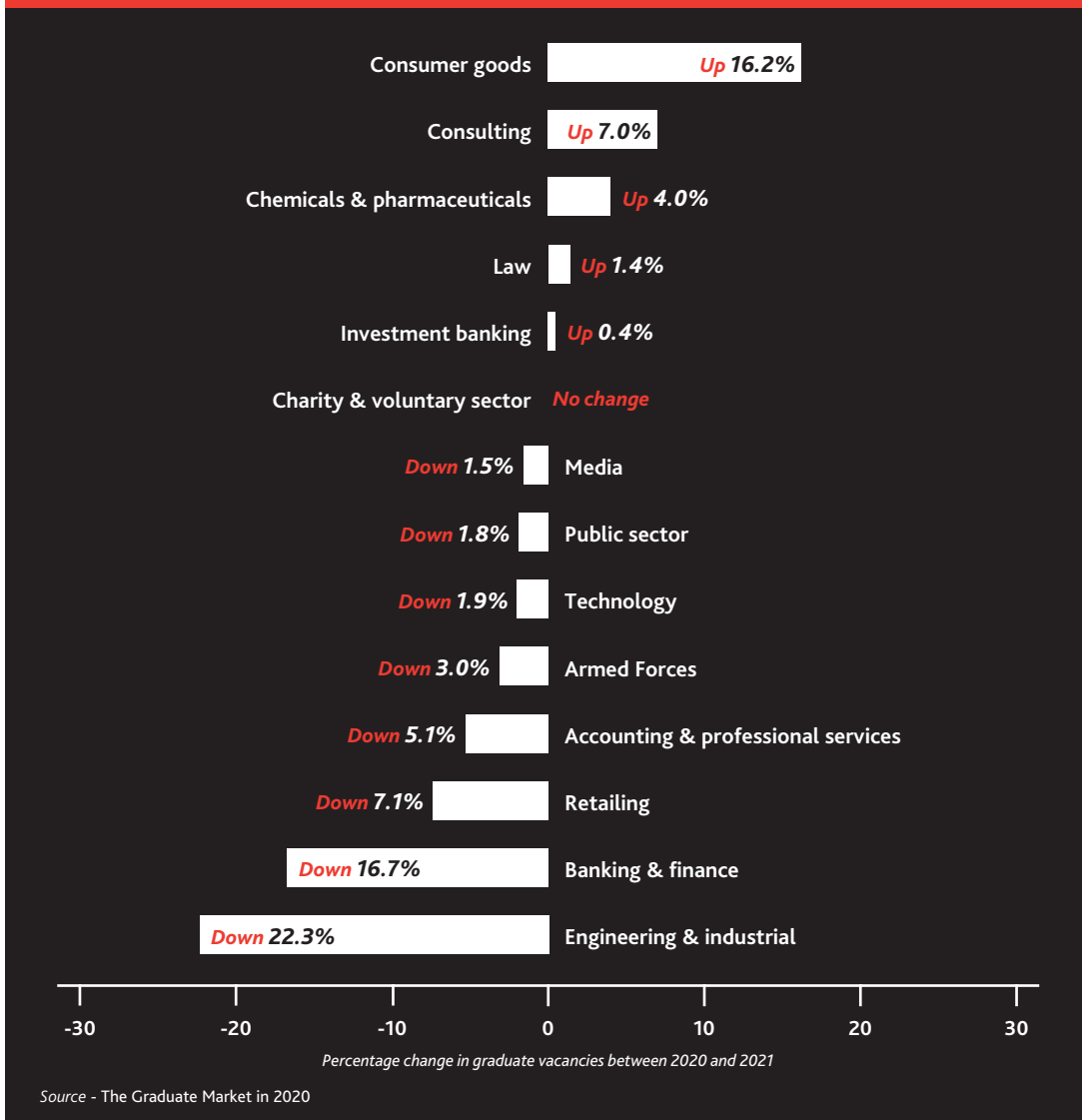
Outlook for Graduate Vacancies in 2021

At the beginning of the new 2020-2021 academic year and the start of the 2021 graduate recruitment cycle, the continuing Coronavirus crisis means that there is considerable uncertainty for employers and the wider economy.

Employers’ published graduate recruitment targets for 2021 are therefore very likely to change in the coming months, but the initial assessment of next year’s graduate job market is that vacancies for university-leavers are likely to fall by a further 2.9%, with fewer opportunities in eight of fourteen industries and business sectors (see *Chart 10*). Graduate vacancies at engineering & industrial employers are expected to fall by another fifth in 2021, with a sixth fewer entry-level vacancies available in banking & finance.

Just five key employment sectors – investment banking, law, chemicals & pharmaceuticals, consulting and consumer goods – expect to increase their graduate recruitment over the next twelve months.

Chart 10 Expected Changes to Graduate Vacancies in 2021, by Sector or Industry



Although a quarter of the UK's top employers are hoping to increase their graduate recruitment in 2021, almost two-fifths expect that their next graduate intake will be reduced. On average, employers featured in *The Times Top 100 Graduate Employers* expect to recruit 205 graduates in the year ahead.

The largest recruiter of new graduates in 2021 is expected to be the public sector (see *Chart 11*), which is offering more than 5,200 entry-level places at organisations such as Police Now, Teach First and the Civil Service Fast Stream. There are over 3,900 trainee positions available at the leading accounting & professional services firms, with almost 8,000 graduate vacancies in technology, investment banking, banking & finance, the Armed Forces and engineering & industrial employers.

The sectors with the smallest number of graduate vacancies on offer in 2021 include oil & energy, chemical & pharmaceuticals and the charity sector.

Chart 11 Graduate Vacancies at the UK's Top Employers in 2021, by Sector or Industry

