

The Graduate Market in 2012

Annual review of graduate vacancies & starting salaries at Britain's leading employers



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New to graduate recruitment?

Get off to a flying start.

For the last seventeen years, **High Fliers Research** has conducted detailed research into the graduate recruitment market in the UK, providing the country's leading employers with a unique insight into the attitudes and aspirations of final year university students.

Now, the company is delighted to offer **professional training** for new or recently-appointed graduate recruiters through intensive **one-day courses**, available monthly throughout the year at the High Fliers Research Centre in London. The courses have been designed to provide a highly practical insight into best-practice graduate recruitment and are ideal for those with up to 12 months experience of working in recruitment marketing or selection.

*For more information about future training courses or to book a place, please call
Carla Smith on 020 7428 9000 or email carla.smith@highfliers.co.uk*

Foreword

Executive Summary

The Graduate Market in 2012 is a study of graduate vacancies and starting salaries at one hundred of the UK's best-known and most successful employers, conducted by High Fliers Research during December 2011:

- The UK's leading employers are expecting to **increase** their graduate recruitment by **6.4%** in 2012, following a rise of **2.8%** in entry-level roles during 2011 and an increase of 12.6% in 2010. Vacancies dropped by 17.8% in 2009 and 6.7% in 2008.
- Almost half of employers expect to recruit more graduates in 2012 whilst more than a quarter plan to maintain their intake at 2011 levels.
- Despite the widespread recruitment freeze at Government departments & agencies, **public sector employers** are planning to expand their graduate intake by 21.9% in 2012, an increase of almost 500 additional roles year-on-year. There will also be a substantial rise in the number of graduate jobs available at **engineering & industrial companies** (up 22.4% compared to 2011), **IT & telecommunications firms** (up 31.6%), **high street banks** (up 16.0%) and **retailers** (up 11.5%).
- Employers in nine of fourteen key industries and employment areas expect to recruit more graduates in 2012. Recruitment targets for the **Armed Forces** have been reduced further and graduate vacancies at the leading **accounting & professional services** firms appear to have peaked after three consecutive years of significant increases.
- Even though the total number of vacancies is set to increase in 2012, recruiters have confirmed that a **third** of this year's entry-level positions are expected to be filled by graduates who have **already worked for their organisations** – either through industrial placements, vacation work or sponsorships – and therefore are not open to other students from the 'Class of 2012'.
- The largest individual recruiters of graduates in 2012 will be PwC (1,200 vacancies), Deloitte (1,200 vacancies), the Teach First scheme (1,000 vacancies), KPMG (800 vacancies) and Ernst & Young (740 vacancies).
- Although these recruitment targets for 2012 are encouraging and build on the increases in vacancies seen in 2011 and 2010, graduate recruitment at the UK's leading employers **remains below pre-recession levels**. Across all the organisations featured within the research, graduate recruitment in 2012 is still 6% below that recorded in 2007. By contrast, an extra **50,000 new graduates** are expected to leave university in the summer of 2012, compared with the numbers who graduated five years ago.
- **Starting salaries** at the UK's leading graduate employers in 2012 are expected to remain **unchanged for a third consecutive year** – at a median of **£29,000**. Graduate starting salaries increased by 7.4% in 2010 and 5.9% in 2009.

- A fifth of top graduate programmes will pay new recruits more than **£35,000** when they start work and nine organisations are offering at least £40,000 to this year's graduates.
- The most generous salaries are those on offer from **investment banks** (average of £45,000), **law firms** (average of £38,000) and **oil & energy companies** (average of £32,500).
- **Public sector employers** (average of £23,000) and **retailers** (average of £24,000) have the lowest graduate pay rates for 2012.
- More than **three-quarters** of top employers have **maintained or increased** their graduate recruitment budgets for the 2011-2012 recruitment round and just one in ten organisations has **decreased** their spending considerably this year.
- The UK's leading employers have been actively marketing their 2012 graduate vacancies at an average of **19** universities in the UK, using a variety of university **careers fairs**, campus **recruitment presentations** and **online advertising**.
- Graduate recruiters have put more emphasis on **social media**, **skills training sessions**, **university careers services** and campus **drop-in sessions** during this year's recruitment campaigns, and less emphasis on **advertising** in sector guides, local guides and graduate directories.
- The five universities most-often targeted by Britain's top graduate employers in 2011-2012 are **Manchester**, **London** (including Imperial College, University College and the London School of Economics) **Cambridge**, **Nottingham** and **Oxford**.
- Half of employers said they had received **more completed graduate job applications** during the early part of the recruitment season than they had last year.
- On average, employers have received **19% more graduate job applications** so far, compared with the equivalent period in the 2010-2011 recruitment round.
- To date, a **third** of applications for graduate positions in 2012 have been from **previous graduates** who left university in 2011 or earlier.
- Virtually all of the UK's leading graduate employers are offering paid work experience programmes for students and recent graduates during the 2011-2012 academic year – a total of **11,296 places** are available.
- **Two-thirds** of employers are providing **industrial placements** for undergraduates (typically for 6-12 months) and more than half have paid **vacation internships** lasting three weeks or longer.
- More than **half of recruiters** warn that graduates who have had no previous work experience at all are **unlikely to be successful** during the selection process and have **little or no chance** of receiving a job offer for their organisations' graduate programmes.
- Almost **three-quarters** of the graduate vacancies advertised this year by **investment banks** and **half** the training contracts offered by the leading **law firms** are likely to be filled by graduates who have already completed work experience with the employer.

Chapter 1

Introduction

Researching the Graduate Market

Welcome to **The Graduate Market in 2012** – the annual review of graduate vacancies and starting salaries at Britain’s leading employers.

This report is based on a study of graduate recruitment at the organisations named as *The Times Top 100 Graduate Employers 2011* in a poll of more than 17,000 final year students to find “Which employer offers the best opportunities for graduates?”.



The research, conducted during **December 2011** by **High Fliers Research**, examines the number of graduate vacancies available at the UK’s leading employers in 2012, compared with recruitment levels in 2011. It assesses recruiters’ experiences of the 2011-12 graduate recruitment round so far and highlights how vacancies for university-leavers have changed since the end of the recession.

The report also analyses the starting salaries that top employers are planning to pay graduates in 2012, it assesses the promotions used by organisations during their 2011-2012 recruitment campaigns, and reviews the work experience available for students and recent graduates.

About High Fliers Research

High Fliers Research is an independent market research company which specialises in student and graduate research. Established in 1994, the company has now worked with more than 125 leading employers to measure the impact of their recruitment activities on campus and help them understand their position in the graduate market.

The company is best-known for *The UK Graduate Careers Survey*, its innovative annual study of over 17,000 final year undergraduates at thirty leading universities. The survey gives employers a unique insight into the career expectations and aspirations of final year students – just weeks before they graduate – and provides a definitive record of their search for a graduate job.



For the last ten years, High Fliers Research has also conducted regular surveys of Britain’s top employers to research current graduate vacancy levels, starting salaries and benchmark the latest graduate recruitment practices. The company hosts *The National Graduate Recruitment Conference*, a one-day event held exclusively for graduate recruiters in September each year, as well as providing monthly professional training courses for new recruiters.

Internationally, High Fliers Research works closely with the **Australian Association of Graduate Employers** and the **South African Graduate Recruitment Association** to carry out their annual surveys of graduate employers, new recruits and young managers.

The Times Top 100 Graduate Employers

As part of the campus research for *The UK Graduate Careers Survey 2011*, 17,851 final year students from thirty leading universities were asked the unprompted question “Which employer do you think offers the best opportunities for graduates?”.

Between them, finalists named over 900 different organisations during the survey – the one hundred employers with the most student votes form **The Times Top 100 Graduate Employers** for 2011.



It is these employers that are included in the research for *The Graduate Market in 2012* report:

<i>Accenture</i>	<i>Diageo</i>	<i>Morgan Stanley</i>
<i>Airbus</i>	<i>DLA Piper</i>	<i>National Grid</i>
<i>Aldi</i>	<i>Dstl</i>	<i>Nestlé</i>
<i>Allen & Overy</i>	<i>E.ON</i>	<i>Network Rail</i>
<i>Apple</i>	<i>EDF Energy</i>	<i>NHS</i>
<i>Arcadia Group</i>	<i>Ernst & Young</i>	<i>nucleargraduates</i>
<i>Army</i>	<i>ExxonMobil</i>	<i>Oliver Wyman</i>
<i>Arup</i>	<i>Foreign & Commonwealth Office</i>	<i>Oxfam</i>
<i>Asda</i>	<i>Freshfields Bruckhaus Deringer</i>	<i>Penguin</i>
<i>AstraZeneca</i>	<i>GlaxoSmithKline</i>	<i>Police</i>
<i>Atkins</i>	<i>Goldman Sachs</i>	<i>Procter & Gamble</i>
<i>BAE Systems</i>	<i>Google</i>	<i>PwC</i>
<i>Bain & Company</i>	<i>Grant Thornton</i>	<i>RAF</i>
<i>Baker & McKenzie</i>	<i>Herbert Smith</i>	<i>Rolls-Royce</i>
<i>Balfour Beatty</i>	<i>Hogan Lovells</i>	<i>Royal Bank of Scotland</i>
<i>Bank of America Merrill Lynch</i>	<i>HSBC</i>	<i>Royal Navy</i>
<i>Bank of England</i>	<i>IBM</i>	<i>RWE npower</i>
<i>Barclays</i>	<i>J.P. Morgan</i>	<i>Saatchi & Saatchi</i>
<i>Barclays Capital</i>	<i>Jaguar Landrover</i>	<i>Sainsbury's</i>
<i>BBC</i>	<i>John Lewis</i>	<i>Santander</i>
<i>Bloomberg</i>	<i>KPMG</i>	<i>Savills</i>
<i>Boots</i>	<i>Kraft</i>	<i>Shell</i>
<i>Boston Consulting Group</i>	<i>L'Oréal</i>	<i>Simmons & Simmons</i>
<i>BP</i>	<i>Lidl</i>	<i>Sky</i>
<i>BT</i>	<i>Linklaters</i>	<i>Slaughter and May</i>
<i>Cancer Research</i>	<i>Lloyds Banking Group</i>	<i>Sony</i>
<i>Centrica</i>	<i>Local Government</i>	<i>Teach First</i>
<i>Citi</i>	<i>Marks & Spencer</i>	<i>Tesco</i>
<i>Civil Service</i>	<i>Mars</i>	<i>Transport for London</i>
<i>Clifford Chance</i>	<i>McDonald's Restaurants</i>	<i>UBS</i>
<i>Co-Operative Group</i>	<i>McKinsey & Company</i>	<i>Unilever</i>
<i>Credit Suisse</i>	<i>MI5</i>	<i>WPP</i>
<i>Deloitte</i>	<i>Microsoft</i>	
<i>Deutsche Bank</i>	<i>Ministry of Defence</i>	

Chapter 2

Graduate Vacancies

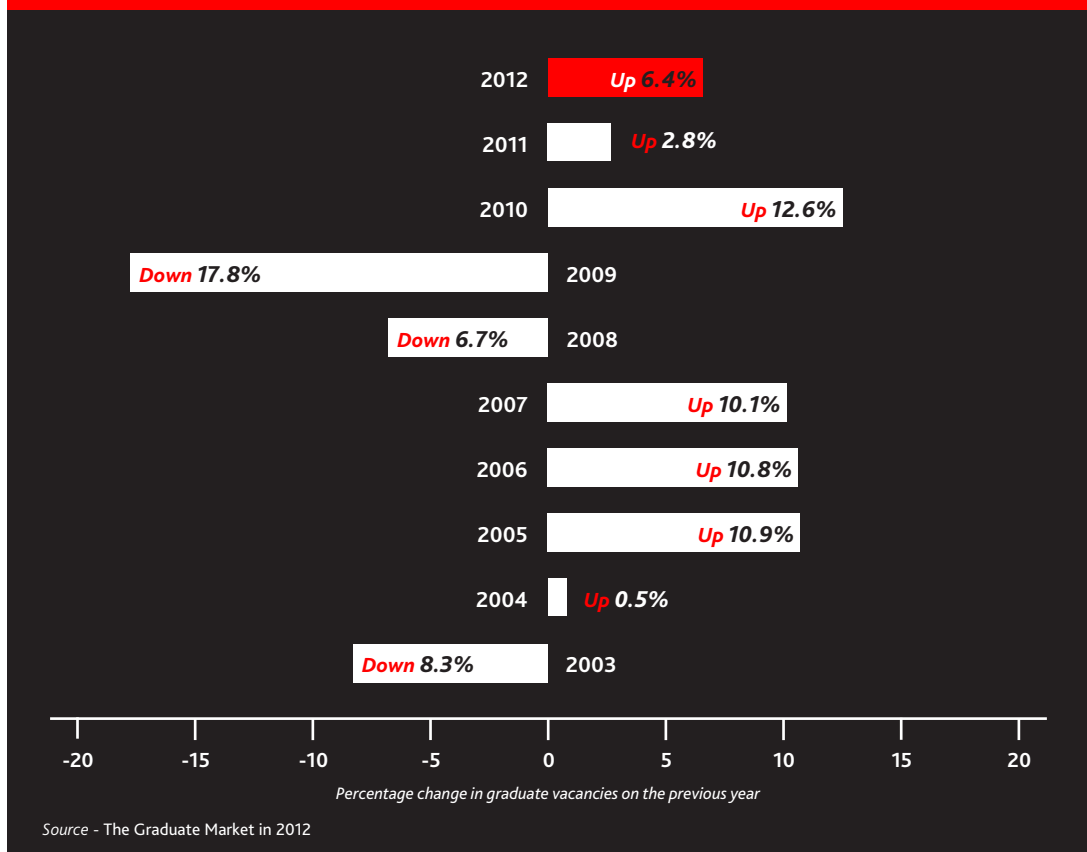
Job Vacancies for Graduates

The first part of the research examines the number of graduate vacancies available at the UK's leading employers in 2012, compared with recruitment levels in 2011. Graduate vacancies for 2012 are typically positions with an autumn 2012 start date, promoted during the current 2011-2012 recruitment season.

Last year, *The Graduate Market in 2011* showed that employers were confident that they would be expanding their graduate intake for a second year running, following two years of swingeing cuts to graduate vacancies in 2008 and 2009. Whilst initial predictions of an increase in entry-level opportunities of almost 10% proved to be over-optimistic and recruitment targets were reduced as the recruitment season unfolded, the UK's top employers did recruit more graduates in 2011 than they had in 2010.

Despite the worsening economic outlook, the welcome news for university-leavers is that employers expect to expand their graduate intake by a further 6.4% in 2012.

Chart 2.1 How Job Vacancies for Graduates have Changed between 2003 and 2012



Graduate Vacancies in 2011

After the major reductions in graduate recruitment in 2008 and 2009, the employment prospects for university-leavers improved considerably in 2010. A new mood of optimism amongst the UK’s leading employers meant that many of the best-known organisations stepped-up their graduate programmes substantially during the course of the 2009-2010 recruitment round.

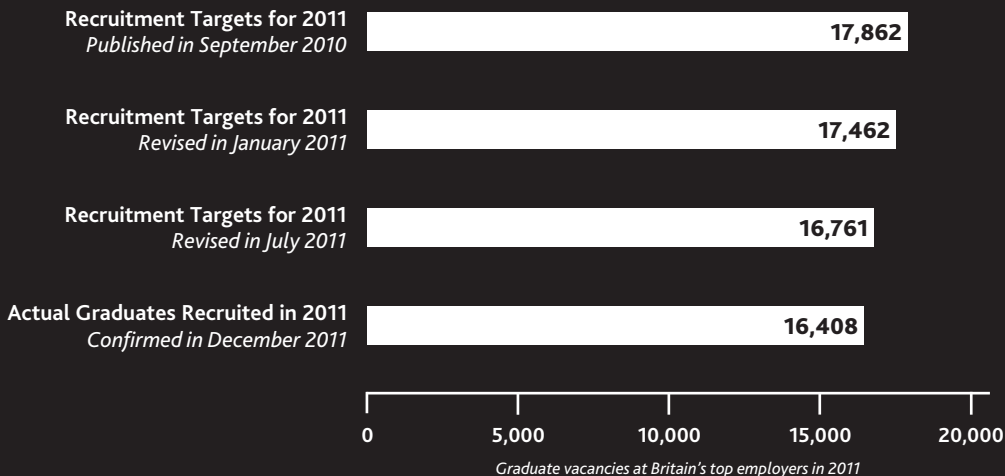
The 2010-2011 graduate recruitment season began in a similarly buoyant mood, with employers planning to hire almost 2,000 more graduates than they had recruited in 2010. But during the first half of 2011, employers’ graduate recruitment targets in several different sectors fluctuated noticeably. The ‘Big Four’ accounting & professional firms stepped-up their planned graduate hires, as did the leading retailers and the top oil & energy companies. But recruitment for the Armed Forces and the City investment banks was cut back significantly.

The picture changed again at the end of the recruitment round, with a number of employers making further adjustments to their graduate intake. But by the autumn of 2011, a total of 16,408 graduates started work with organisations featured in *The Times Top 100 Graduate Employers*, a 2.8% increase on the number hired in 2010 (see *Chart 2.2*). In all, fifty-six employers recruited additional graduates during 2011 and a further fifteen organisations maintained their recruitment at 2010 levels (see *Chart 2.3*). Over a quarter of employers did, however, reduce their recruitment, albeit by fewer than fifty positions at most organisations.

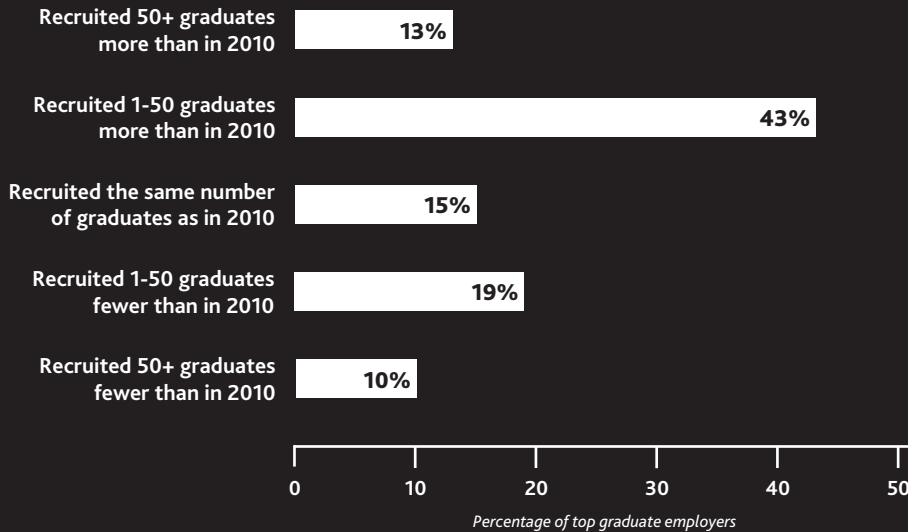
Year-on-year, the biggest growth in graduate vacancies was at the accounting & professional services firms which created an additional 519 trainee positions in 2010 and at the City investment banks where an extra 281 entry-level jobs were available (see *Table 2.4*). The engineering & industrial and IT & telecoms sectors also expanded recruitment substantially, together hiring a fifth more graduates than in 2010, a rise of almost 200 extra posts.

In all, graduate vacancies increased in nine out of fourteen industries and business sectors during 2011, but there were significantly fewer graduate roles in the Armed Forces, oil & energy companies and at the leading high street banking & finance firms.

Chart 2.2 How Graduate Recruitment Targets Changed during 2011



Source - The Graduate Market in 2012

Chart 2.3 How Graduate Vacancies Changed in 2011, compared with 2010

Source - The Graduate Market in 2012

Table 2.4 Analysis of Graduate Vacancies in 2011, by Industry or Business Sector

Industry or Business Sector	Recruitment target for 2011, as published in Sept 2010	Recruitment target for 2011, as revised in Jan 2011	Recruitment target for 2011, as revised in July 2011	Actual graduates recruited by Dec 2011	% change from recruitment in 2010	Vacancies added (cut), compared with 2010
Accounting & professional services	4,000	4,106	4,399	4,268	13.8	519
Armed Forces	1,800	1,625	1,075	1,025	-36.9	(600)
Banking & finance	1,190	1,410	1,190	1,015	-10.2	(115)
Chemical & pharmaceuticals	65	61	52	51	-10.5	(6)
Consulting	555	600	690	450	-9.1	(45)
Consumer goods	365	314	321	329	39.4	93
Engineering & industrial	1,100	1,041	1,090	1,184	14.0	145
Investment banking	3,300	2,655	2,537	2,647	11.9	281
IT & telecommunications	455	513	470	521	36.0	138
Law	813	808	798	828	7.1	55
Media	545	495	341	491	12.9	56
Oil & energy	480	680	506	481	-21.0	(128)
Public sector	1,885	1,834	1,858	1,801	2.7	47
Retailing	1,109	1,212	1,327	1,210	1.1	13
ALL SECTORS	17,862	17,462	16,761	16,408	2.8	453

Source - The Graduate Market in 2012

Expected Graduate Vacancies in 2012

After the growth in graduate vacancies reported in both 2010 and 2011, it is encouraging to see that almost half the employers from *The Times Top 100 Graduate Employers* are planning to expand their graduate recruitment programmes further during 2012 (see *Chart 2.6*). Eleven organisations are expecting to hire at least fifty additional graduates this year, more than a quarter of employers plan to recruit similar numbers of graduates to their 2011 intake, but one in five organisations warn that they will be reducing their entry-level vacancies.

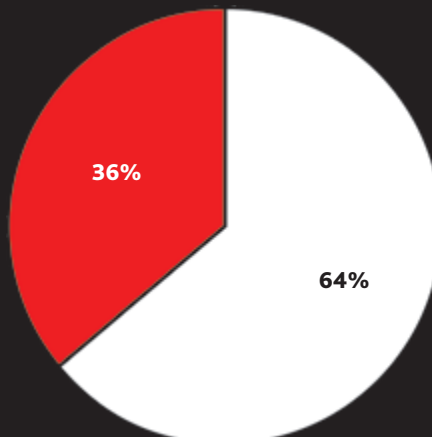
This means that vacancies for graduates are set to increase in nine out of the fourteen main employment areas (see *Table 2.7*). Despite the much-publicised recruitment freeze at Government departments and agencies, public sector employers are expecting to hire almost 500 extra graduates in 2012, in part because of a major expansion of the Teach First scheme – which this year is set to recruit 1,000 graduates for the first time – and additional recruitment for the Civil Service Fast Stream. In all, three quarters of the public sector organisations featured within the research are planning to step up their graduate recruitment this year. Engineering & industrial companies are expecting to take on additional graduates too, increasing their intake by almost a quarter compared with 2011 recruitment levels. And there are likely to be a further 570 additional vacancies in banking & finance, IT & telecommunications, investment banking and within the retail sector.

By contrast, there is expected to be a further reduction in the number of graduates recruited for the Armed Forces and vacancies at accounting & professional services firms now appear to have peaked, following three consecutive years of substantial growth in the sector.

Whilst this data suggests that the graduate job market is continuing to improve, employers have confirmed that more than a third of the vacancies that they are promoting for 2012 are expected to be filled by undergraduates who have had previous work experience with their organisations, such as paid internships, industrial placements, vacation schemes or sponsorships (see *Chart 2.5*). This suggests that an estimated 6,200 positions from this year's entry-level vacancies will not be available to other finalists from the 'Class of 2012' currently applying for graduate jobs.

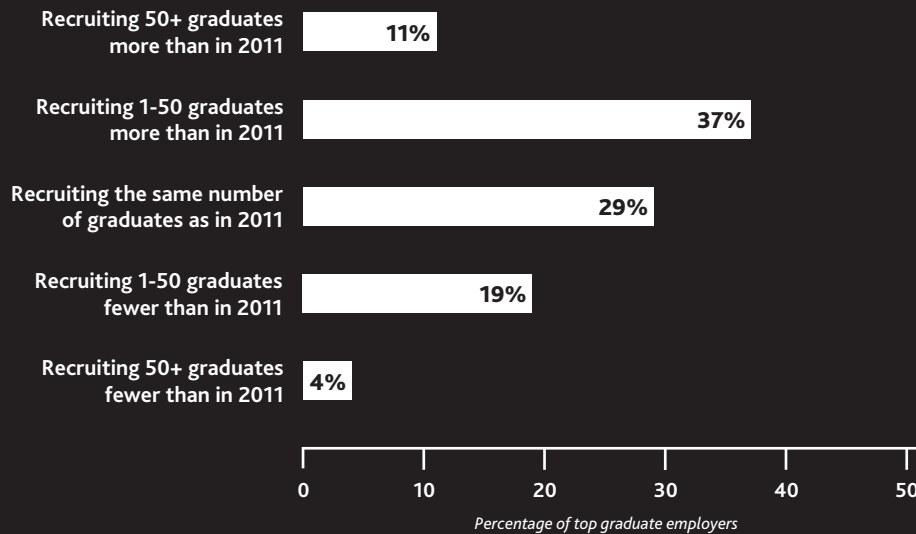
Chart 2.5 Graduate Vacancies at the UK's Top Employers in 2012

Vacancies for 2012 expected to be filled by graduates who had already worked for the employer



Vacancies for 2012 available to final year undergraduates and recent graduates

Source - The Graduate Market in 2012

Chart 2.6 How Graduate Vacancies are Expected to Change in 2012

Source - The Graduate Market in 2012

Table 2.7 Analysis of Graduate Vacancies in 2012, by Industry or Business Sector

Industry or Business Sector	Recruitment target for 2012, as published in Sept 2011	Recruitment target for 2012, as revised in Dec 2011	% change from recruitment in 2011	Vacancies added (cut), compared with 2011	% of vacancies likely to be filled by graduates who had already worked for employer
Accounting & professional services	4,550	4,108	-0.1	(6)	29
Armed Forces	832	882	-14.0	(143)	-
Banking & finance	1,250	1,166	16.0	161	43
Chemical & pharmaceuticals	60	61	19.6	10	-
Consulting	615	455	-10.8	(55)	38
Consumer goods	426	336	2.1	7	42
Engineering & industrial	1,060	1,363	22.4	249	37
Investment banking	2,750	2,700	4.8	123	71
IT & telecommunications	470	620	31.6	149	27
Law	838	838	-3.7	(32)	51
Media	416	392	-20.2	(99)	49
Oil & energy	605	593	11.7	62	25
Public sector	1,990	2,362	21.9	474	9
Retailing	1,401	1,349	11.5	139	23
ALL SECTORS	17,513	17,280	6.4	1,037	36

Source - The Graduate Market in 2012

Location & Type of Graduate Vacancies in 2012

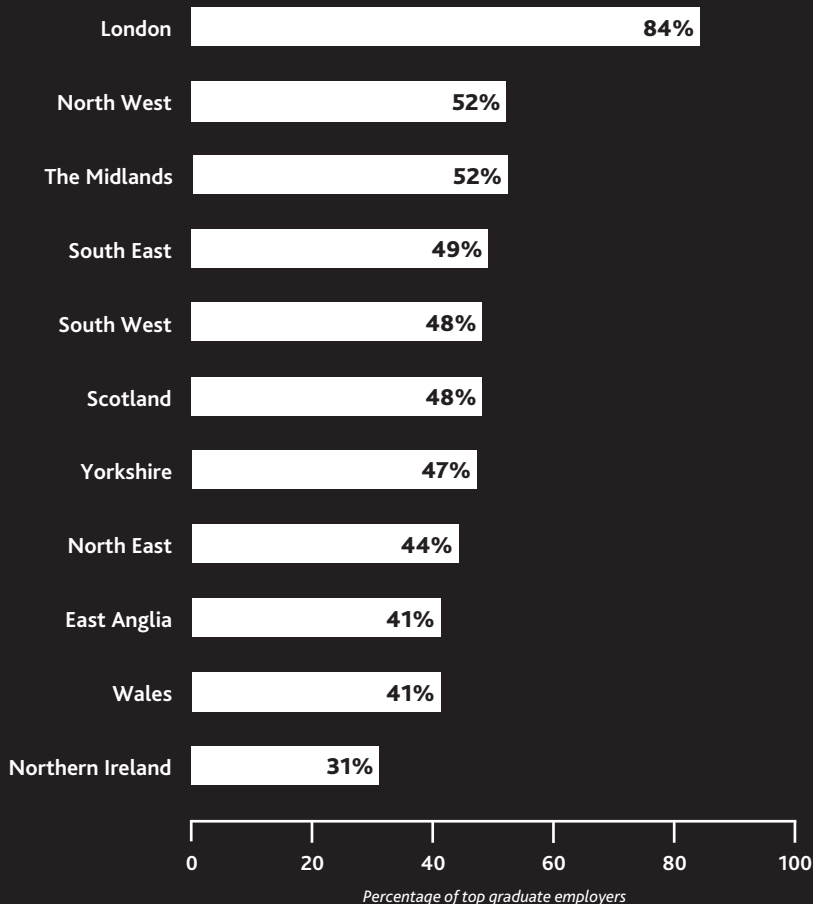
Analysis of where within the UK employers expect to employ graduates shows that almost nine out of ten organisations are offering vacancies in London for 2012 and half plan to hire new recruits for positions in the south east of England (see *Chart 2.8*). Although this doesn't necessarily mean that the majority of graduate vacancies are in or around the M25, it does confirm that almost every major employer does have opportunities within the region.

The north west of England, the Midlands and the south west have the next highest numbers of employers recruiting graduates into the regions, followed by Yorkshire and the north east of England. Of all the English regions, East Anglia is the least likely to yield graduate vacancies – 41% of employers have opportunities there in 2011.

In all, 48% and 41% of graduate employers have entry-level jobs on offer in Scotland and Wales respectively and 31% are recruiting for opportunities in Northern Ireland.

The research also records the type of job functions that employers are hoping to recruit graduates into in 2012. The most common requirement is for finance and IT vacancies – more than half of employers offer roles in these areas, irrespective of their organisation's main purpose (see *Chart 2.9*). Two-fifths of employers have vacancies in human resources,

Chart 2.8 Location of Graduate Vacancies at leading UK Employers in 2012

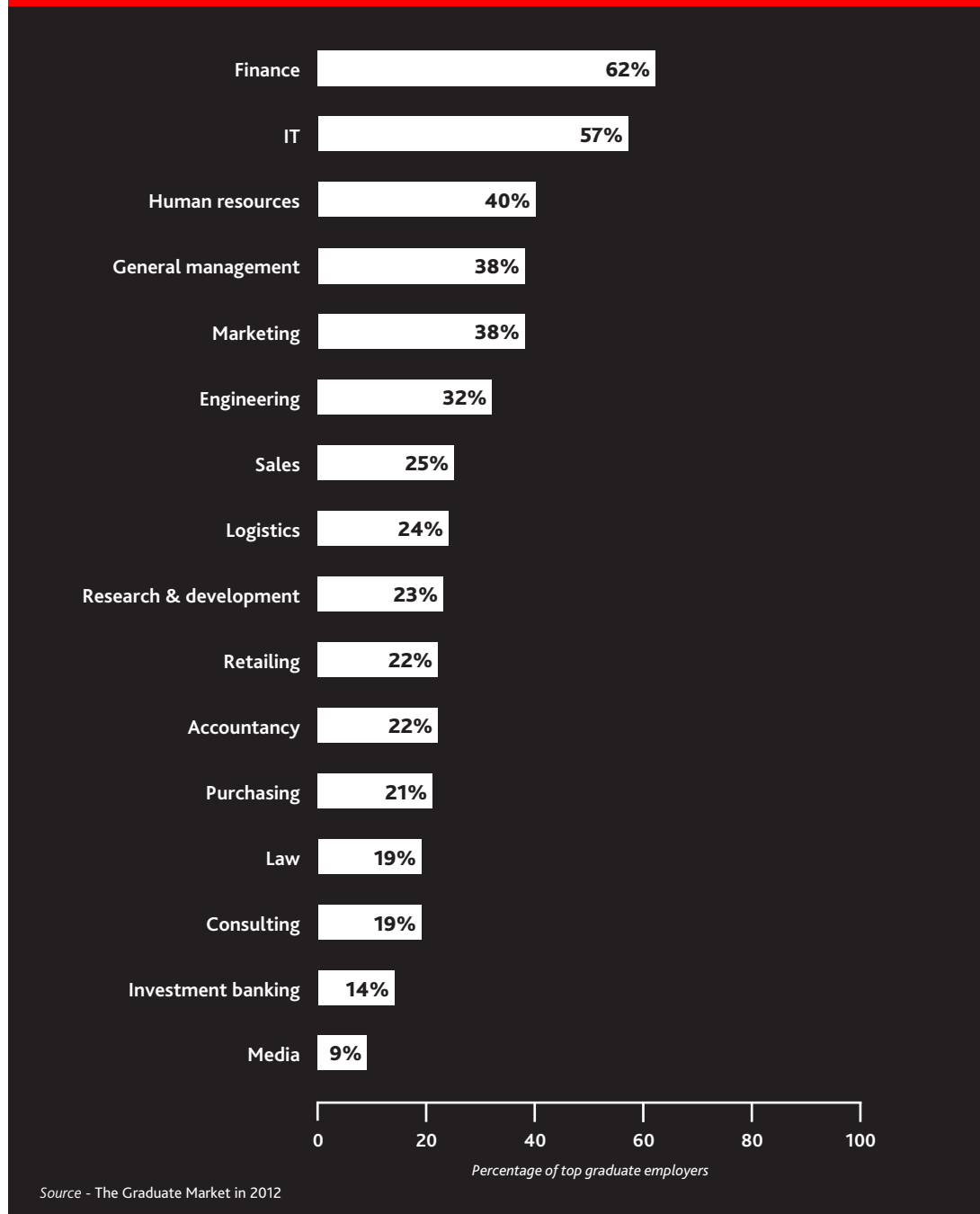


Source - The Graduate Market in 2012

general management or marketing and a third are recruiting for engineering positions. Fewer than a fifth of employers are recruiting for consulting or investment banking roles and just nine organisations have media vacancies.

These results underline the large disparity between what organisations are perceived to do and their potential recruitment needs. For example, the number of vacancies at so-called ‘IT companies’ is small and yet the volume of graduates needed to work in IT functions at a wide range of employers in other industries and business sectors is considerable.

Chart 2.9 Type of Graduate Vacancies at leading UK Employers in 2012



Changes to Graduate Vacancies during the Recession & Beyond

In just two years – 2008 and 2009 – graduate vacancies at organisations featured in *The Times Top 100 Graduate Employers* fell by an unprecedented 23.3% and the number of entry-level positions reduced in thirteen of fourteen key industries and business sectors. In all, some fifty-nine employers saw their graduate recruitment decline during the recession.

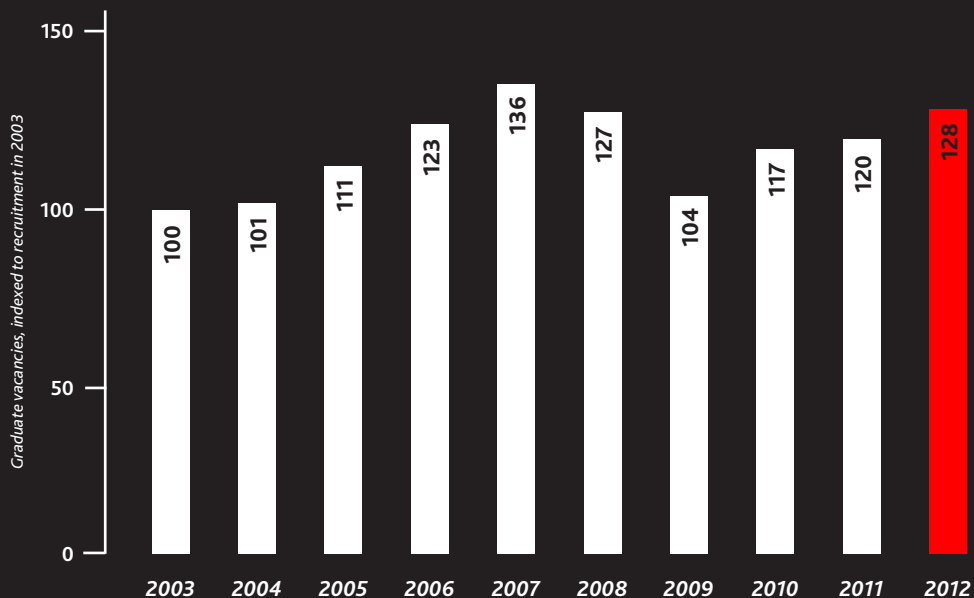
The most substantial cuts took place at the investment banks, IT & telecoms firms, chemical & pharmaceuticals companies and within the media, where vacancies halved during the course of the two recruitment rounds. There were sharp falls too in recruitment at consumer goods manufacturers, engineering & industrial employers, oil & energy companies and accounting & professional services firms – 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 recruitment over the period, increasing vacancies by 44.9% from 1,475 places in 2007, to an impressive 2,137 posts by the end of 2009. This growth was partly down to the considerable expansion of the Teach First scheme, 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 2.10*). This indexing of vacancies shows that during the four graduate 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.

Despite the increase in graduate roles in 2010 and 2011 – and the further predicted rise for 2012 – recruitment of university-leavers has yet to return to the pre-recession levels of 2007.

Chart 2.10 Indexing Graduate Vacancies at the UK’s Top Employers 2003 to 2012



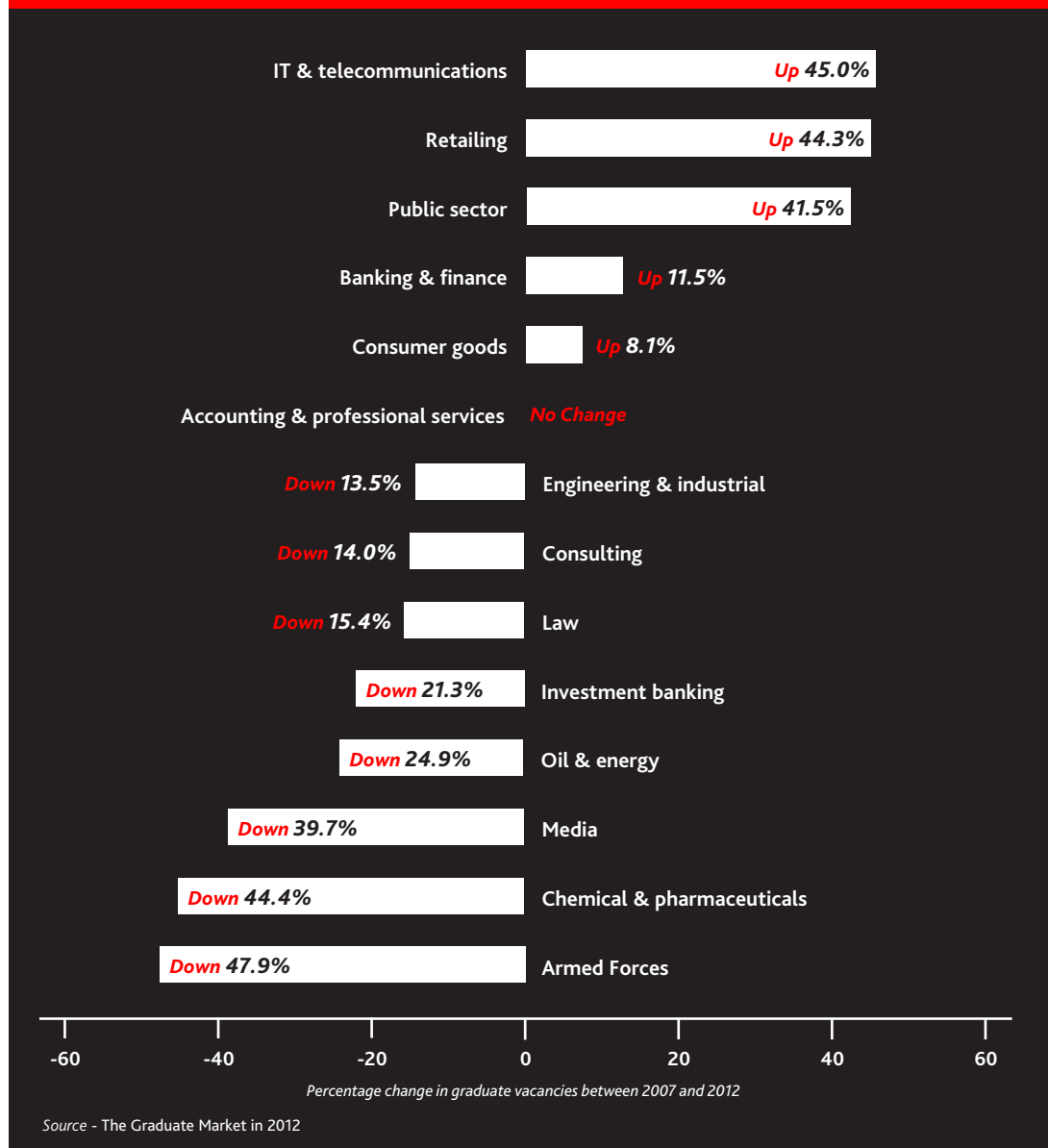
Source - The Graduate Market in 2012

Looking at the graduate recruitment targets for 2012 and comparing them with the numbers hired in 2007 shows that within eight individual industries and business sectors, graduate vacancies remain lower than before the start of the recession (see *Chart 2.11*).

This year there are a fifth fewer entry-level positions at the City investment banks, compared with five years ago and recruitment at the major oil & energy companies is almost 25% lower than in 2007. The worst-hit sectors are chemical & pharmaceuticals and the Armed Forces where there are now virtually half the number of graduate jobs than before the downturn.

By contrast, graduate recruitment at IT & telecommunications companies, retailers and public sector employers has actually increased by more than 40% during the last five years. High street banking & finance firms and consumer goods manufacturers have also recorded a net increase in their graduate recruitment since 2007.

Chart 2.11 How Graduate Vacancies Changed 2007 to 2012 by Sector or Industry



Summary

- The UK's leading employers are expecting to **increase** their graduate recruitment by **6.4%** in 2012, following a rise of **2.8%** in entry-level roles during 2011 and an increase of 12.6% in 2010. Vacancies dropped by 17.8% in 2009 and 6.7% in 2008.
- Almost half of employers expect to recruit more graduates in 2012 whilst more than a quarter plan to maintain their intake at 2011 levels.
- Despite the widespread recruitment freeze at Government departments & agencies, **public sector employers** are planning to expand their graduate intake by 21.9% during 2012, an increase of almost 500 additional roles year-on-year. There will also be a substantial rise in the number of graduate jobs available at **engineering & industrial companies** (up 22.4% compared to 2011), **IT & telecommunications firms** (up 31.6%), **high street banks** (up 16.0%) and **retailers** (up 11.5%).
- Employers in nine of fourteen key industries and employment areas expect to recruit more graduates in 2012. Recruitment targets for the **Armed Forces** have been reduced further and graduate vacancies at the leading **accounting & professional services** firms appear to have peaked after three consecutive years of significant increases.
- Even though the total number of vacancies is set to increase in 2012, recruiters have confirmed that a **third** of this year's entry-level positions are expected to be filled by graduates who have **already worked for their organisations** – either through industrial placements, vacation work or sponsorships – and therefore are not open to other students from the 'Class of 2012'.
- The largest individual recruiters of graduates in 2012 will be **PwC** (1,200 vacancies), **Deloitte** (1,200 vacancies), the **Teach First** scheme (1,000 vacancies), **KPMG** (800 vacancies) and **Ernst & Young** (740 vacancies).
- Although these recruitment targets for 2012 are encouraging and build on the increases in vacancies seen in 2011 and 2010, graduate recruitment at the UK's leading employers **remains below pre-recession levels**. Across all the organisations featured within the research, graduate recruitment in 2012 is still 6% below that recorded in 2007. By contrast, an extra **50,000 new graduates** are expected to leave university in the summer of 2012, compared with the numbers who graduated five years ago.

Chapter 3

Graduate Salaries

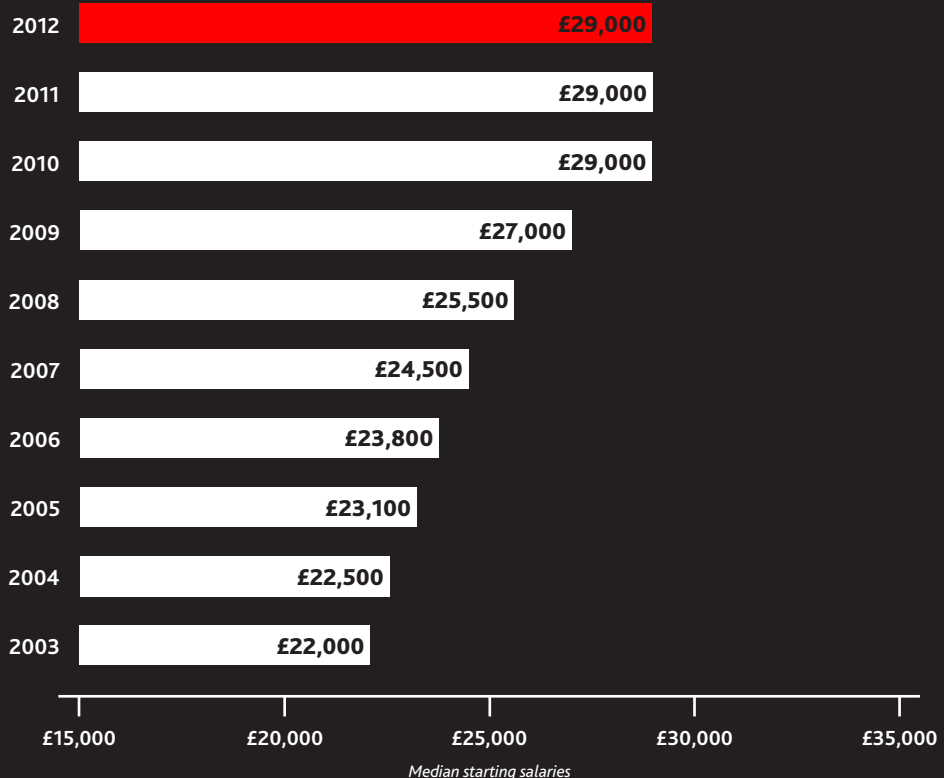
Starting Salaries for Graduates

The second part of the research analyses the starting salaries that top employers are planning to pay new graduates 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 number of graduate vacancies at the UK's leading employers may be set to increase again in 2012, but the average starting salary for new graduates remains unchanged for the third consecutive year at £29,000 (see *Chart 3.1*).

From 2004 to 2007, salaries rose by between 2.3% and 3.0% – effectively a cost-of-living increase each year – and by a more generous 4.1% in 2008 and 5.9% in 2009. The improving graduate job market in 2010 brought a bigger jump to a median starting salary of £29,000.

Chart 3.1 How Starting Salaries for Graduates have Changed between 2003 and 2012



Source - The Graduate Market in 2012

Graduate Salaries in 2012

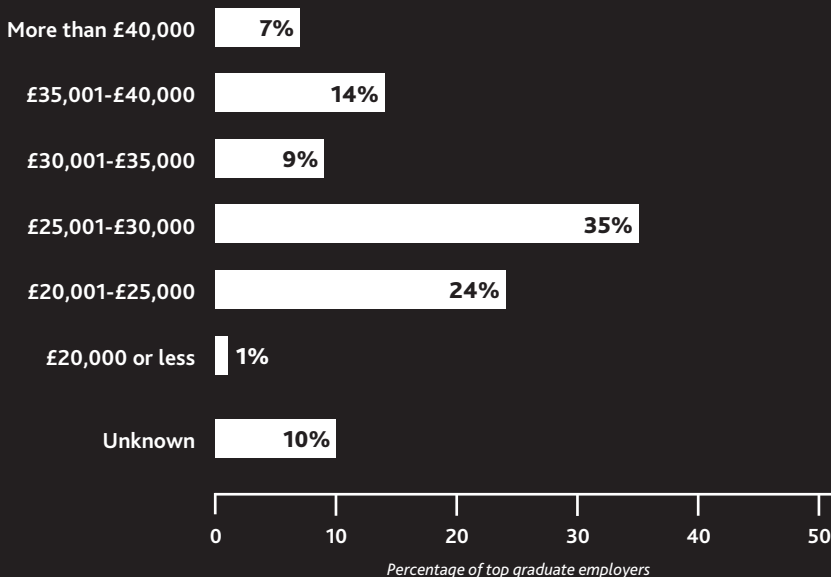
The research shows that although the UK’s leading employers are again offering a median starting salary of £29,000 for graduates starting work in 2012, the salaries on offer from individual organisations do vary considerably.

Just one major employer is paying £20,000 or less to their new recruits this year, with around a quarter of organisations paying between £20,000 and £25,000 (see *Chart 3.2*). More than a third of the employers featured in the research are offering graduates between £25,000 and £30,000 when they start work. At the top of the market, a fifth of graduate programmes now pay more than £35,000 and seven employers are intending to pay salaries in excess of £40,000 this year. The highest salary on offer this year is £47,000 and two of the top investment banks confirmed that their graduate packages will be worth £50,000 or more to new joiners. Outside of the City, the highest salary is again at Aldi, which pays graduates training to become area managers a first-year salary of £40,000.

Within individual industries and business sectors, the highest-paying UK employers in 2012 are the investment banks and law firms (see *Chart 3.3*). Although not all of the investment banks included within the research were prepared to confirm their graduate starting salaries for 2012, the median rate for those that did is £45,000. The resurgence of graduate recruitment within the banking sector during 2010 and 2011, combined with a reorganisation of how remuneration packages are structured at a number of banks has meant that average starting salaries at investment banks have jumped by almost 20% over the last two years. The median salary for graduates joining the legal sector remains £38,000.

Salaries in excess of £30,000 are available in three other sectors – oil & energy, consulting and the media – although it should be noted that most of the graduate roles at media organisations included in the research are commercial posts rather than editorial positions, which traditionally offer much lower starting salaries. Banking & finance employers, IT&

Chart 3.2 Graduate Starting Salaries at leading UK Employers in 2012



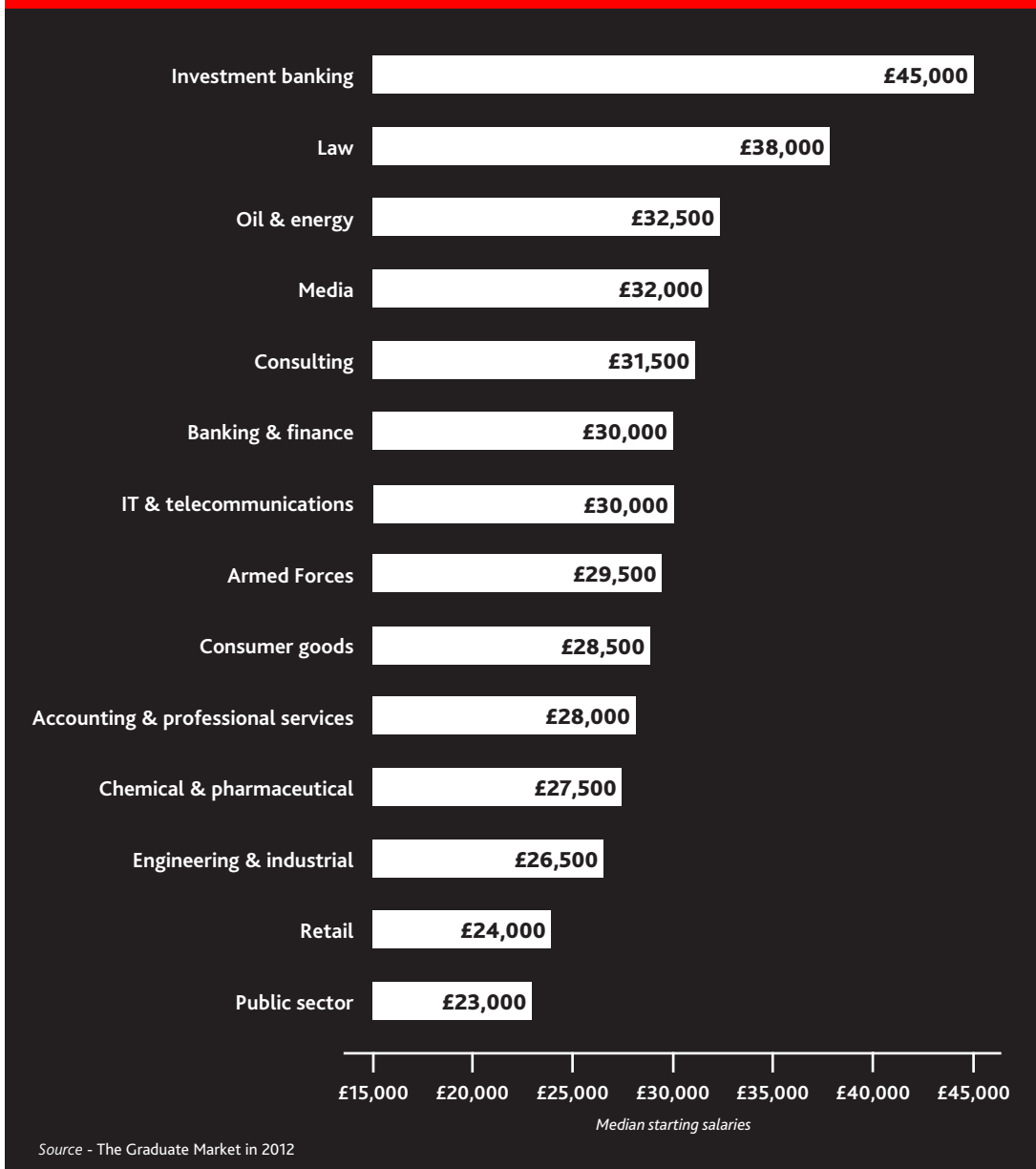
Source - The Graduate Market in 2011

telecommunications firms and the Armed Forces are also set to pay salaries above the national median of £29,000. The lowest salaries are for those starting work with public sector employers and retailers, which both offer average starting salaries of less than £25,000.

Starting salaries in some employment areas may yet increase before graduates begin work in autumn 2012. For example, the 'Big Four' accountancy & professional services firms often don't finalise their starting salaries until the summer months, so pay for new graduates may be revised upwards then.

Whilst none of the data for graduate remuneration in 2012 includes additional incentives such as relocation allowances, a quarter of employers did say they would be offering some form of 'starting work' bonus to graduates this year, typically between £1,500 and £5,000.

Chart 3.3 Graduate Salaries at UK Employers in 2012, by Sector or Industry



Changes to Graduate Salaries since 2011

Examining how graduate starting salaries for 2012 at individual organisations compare with 2011, it is clear that the majority of employers included in the research have opted to leave their starting salaries unchanged this year (see *Chart 3.4*).

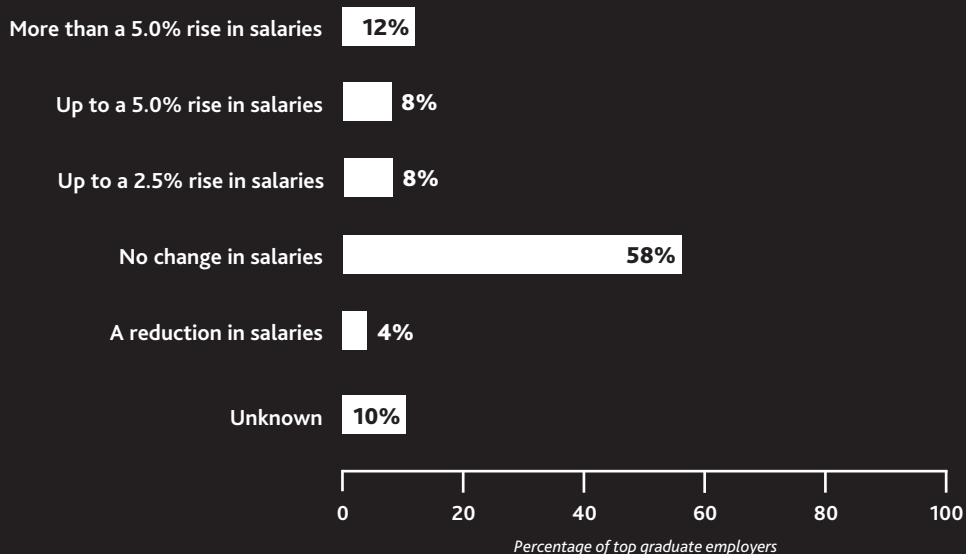
More than a quarter of organisations are planning to increase salaries for new recruits compared with 2011 levels, most by between 3.0% and 6.0%. This could be considered to be a cost-of-living increase, given that the UK rate of inflation (CPI) stood at between 4.0% and 5.4% in the final quarter of 2011. Five well-known graduate employers have opted to increase salaries by at least 10% in 2012, including one major retailer that has revamped its graduate programme and stepped-up its salaries by more than a quarter. Four employers have reduced their graduate rates for 2012, albeit by a small amount in each instance.

Within different industries and business sectors, most starting salaries remain the same for 2012 as they were in 2011 (see *Chart 3.5*). In eleven of the fourteen employment areas featured within the research – including accountancy & professional services firms, banking & finance, engineering & industrial companies, IT & telecommunications companies and law firms – there is no change to the median salary.

Small salary increases are expected in two sectors – consumer goods manufacturers and the public sector – where graduate pay will rise by between 3% and 4% this year. It is interesting to see that despite continuing uncertainty in the global financial markets, several of the leading investment banks have opted to increase their starting salaries for 2012, taking the median rate up £3,000 to £45,000, a year-on-year rise of 7.1%.

These figures confirm that graduate pay has increased dramatically in several employment areas, compared to pre-recession levels – the leading law and banking & finance firms are now paying a quarter more than they did in 2007. Pay has risen by a sixth in the Armed Forces and at oil & energy companies, whilst graduate starting salaries at the top investment

Chart 3.4 Changes to Graduate Salaries at leading UK Employers since 2011



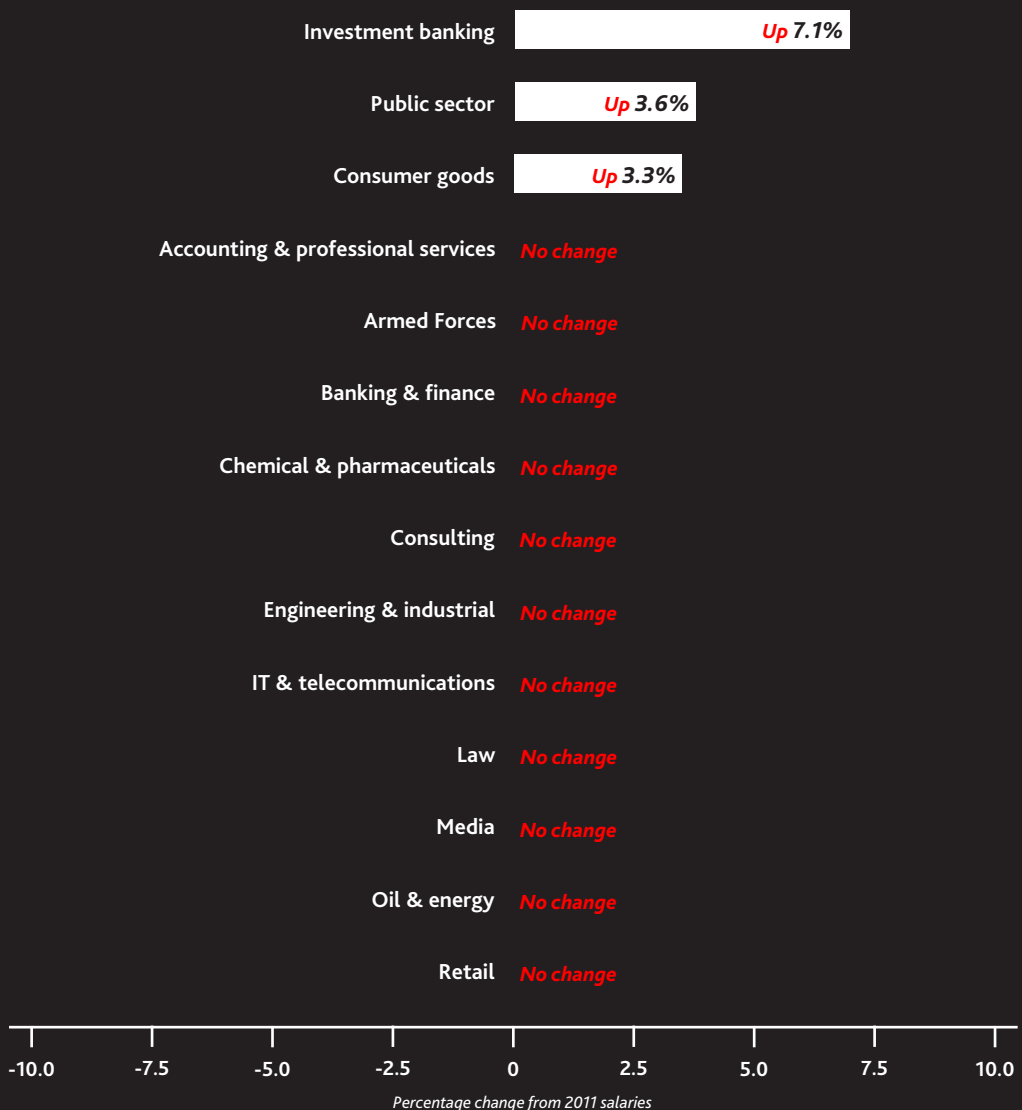
Source - The Graduate Market in 2012

banks have jumped by almost a third over the same period. By comparison, graduate starting salaries at the major retailers and public sector employers have risen by little more than 10% over the last five years – below the increase in the cost-of-living during this period.

One impact of these changes is that the distribution of graduate salaries available from top employers has become a little more even. Seven sectors now pay median salaries of at least £30,000 and with packages of between £32,000 and £40,000 available in the oil & energy industry, at three leading retailers and one well-known media organisation, it is clear that increasingly generous remuneration is available beyond the City banks and legal firms.

However, there remains a wide disparity between the individual employers featured within the research – the very top starting salaries on offer to graduates in 2012 are still more than £25,000 higher than the lowest paying packages.

Chart 3.5 Changes to Graduate Salaries since 2011, by Sector or Industry



Source - The Graduate Market in 2012

Summary

- **Starting salaries** at the UK's leading graduate employers in 2012 are expected to remain **unchanged for a third consecutive year** – at a median of **£29,000**. Graduate starting salaries increased by 7.4% in 2010 and 5.9% in 2009.
- A fifth of top graduate programmes will pay new recruits more than **£35,000** when they start work and nine organisations are offering at least £40,000 to this year's graduates.
- The most generous salaries are those on offer from **investment banks** (average of £45,000), **law firms** (average of £38,000) and **oil & energy companies** (average of £32,500).
- **Public sector employers** (average of £23,000) and **retailers** (average of £24,000) have the lowest graduate pay rates for 2012.

Chapter 4

Graduate Recruitment in 2011-2012

Promoting Graduate Programmes

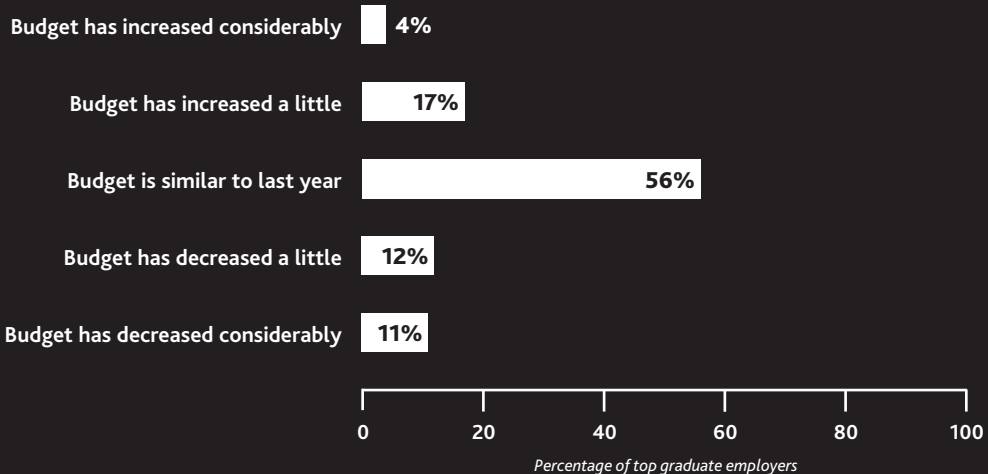
The next part of the research examines leading employers' views on and experiences of the 2011-2012 graduate recruitment round – from the promotions they used to publicise their graduate opportunities and the universities they targeted during their campus recruitment campaigns, to the volume of applications received so far for their 2012 graduate vacancies.

The recession in 2008 and 2009 clearly had a very significant impact on the resources subsequently available to graduate recruiters – in *The Graduate Market in 2010* almost half of the UK's leading employers reported that their recruitment budgets had been cut compared with the previous recruitment season, and 18 per cent of organisations described the decrease as 'considerable'. A year later, however, the outlook seemed more encouraging, with the majority of employers reporting that their graduate recruitment budgets had increased or were being maintained for the 2010-2011 recruitment round.

For the latest graduate recruitment season, a similar picture is emerging. At more than half the employers included in the research, graduate recruitment budgets remain the same as in 2010-2011, but a fifth have increased their spending, with four organisations describing the additional funds as a 'considerable increase' on their previous graduate recruitment budgets.

Despite this optimism, almost a quarter of employers have cut their graduate recruitment spending for 2011-2012 (see *Chart 4.1*), with the most significant reductions reported at two of the leading oil & energy companies, the Armed Forces, an IT & telecommunications company, a major consulting firm and a public sector employer.

Chart 4.1 Employers' Graduate Recruitment Budgets for 2011-12



Source - The Graduate Market in 2012

Employers' On-Campus Recruitment Promotions

The research shows that the UK's leading employers have used a wide variety of different graduate recruitment promotions during 2011-2012. Almost all had engaged with university careers services, hosted on-campus recruitment presentations and had advertised their graduate vacancies on graduate recruitment websites, such as *Prospects*, *Milkround* and *GradCracker* (see *Table 4.2*). Many employers also used local careers fairs, commercial email services and appeared in graduate directories, such as *The Times Top 100 Graduate Employers* and *Real Prospects*. Business games and student newspapers were the least-used.

Recruiters who had used individual graduate promotions were asked whether they had put more or less emphasis on the promotion than in previous years. The results show that there was more emphasis in 2011-2012 on social media, university careers services and skills training sessions, but less on advertising in local careers guides and sector guides.

Employers featured in the research are targeting an average of nineteen universities during the 2011-2012 graduate recruitment round (see *Chart 4.3*). The top five institutions targeted by the largest number of leading employers are Manchester, London (which for this analysis refers to Imperial College, the London School of Economics and the University of London), Cambridge, Nottingham and Oxford (see *Table 4.4*). These universities have attracted the largest number of top graduate employers for campus careers fairs, local presentations or other university recruitment promotions during 2011-2012.

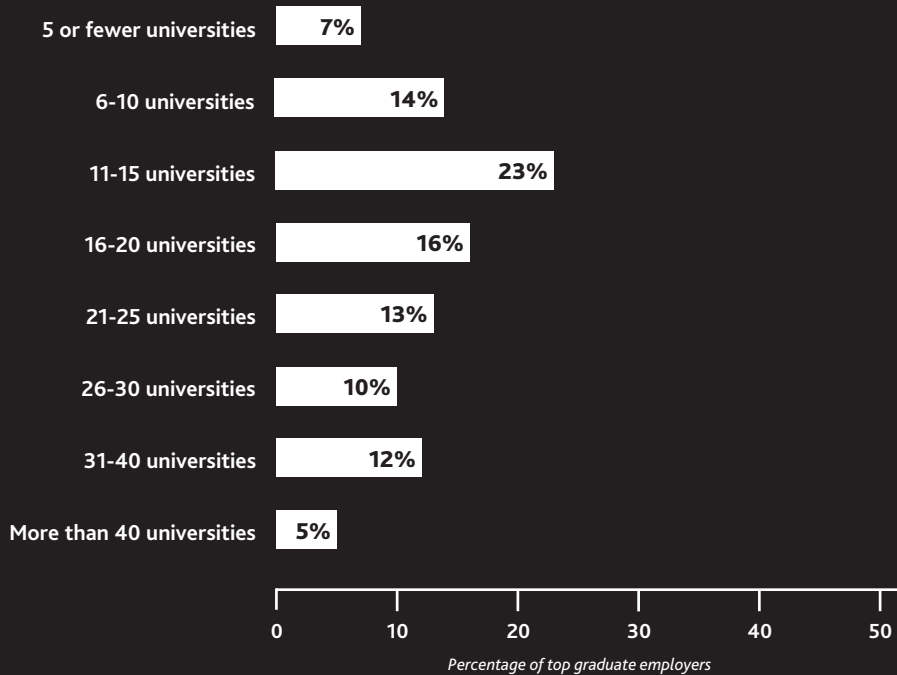
Table 4.2 Analysis of Employers' Graduate Recruitment Promotions in 2011-2012

Graduate Recruitment Promotion	% of employers who used promotion during 2011-2012	More emphasis than in previous years %	About the same as previous years %	Less emphasis than in previous years %
University careers services	93	41	58	1
Campus presentations	92	36	55	9
Graduate recruitment websites	92	18	65	17
Careers fairs	89	22	58	20
Email services	88	20	66	14
Advertising in graduate directories	87	7	68	26
Social media	85	63	31	7
Advertising in sector guides	81	4	71	25
Skills training sessions	79	46	45	9
Campus drop-in sessions	73	39	54	7
Academic lectures	69	34	64	2
Sponsorship of student societies	65	25	64	11
Advertising in local careers guides	62	4	62	35
Business games	54	30	66	5
Advertising in student newspapers	54	9	67	24
Promotions to first years	75	47	53	0
Promotions to penultimate years	84	37	62	2
Promotions to final years	86	19	73	7

Source - The Graduate Market in 2012

It is intriguing to compare this list with the rankings from *The Times Good University Guide 2012* – the latest league table of leading institutions compiled from a range of university data including entry standards, teaching performance, academic research, student funding and graduates’ career prospects. In it, Oxford and Cambridge are ranked in 1st and 2nd place but Manchester, the university most-targeted by the leading employers, fails to even make the top thirty in the guide. And conversely, St Andrews and Lancaster which are ranked 6th and 9th respectively in the guide, do not appear in the employers’ top twenty universities.

Chart 4.3 Number of Universities Targeted by Top Employers in 2011-2012



Source - The Graduate Market in 2012

Table 4.4 Universities Targeted by the Largest Number of Top Employers in 2011-2012

Last Year		Last Year			
1.	3	Manchester	11.	10	Leeds
2.	4	London	12.	14	Sheffield
3.	1	Cambridge	13.	11	Edinburgh
4.	6	Nottingham	14.	13	Loughborough
5.	5	Oxford	15.	15	Southampton
6.	7	Bristol	16.	19	Newcastle
7.	2	Warwick	17.	17	Aston
8.	9	Durham	18.	-	Liverpool
9.	12	Birmingham	19.	16	Cardiff
10.	8	Bath	20.	20	Exeter

Source - The Graduate Market in 2012

Graduate Applications Received in 2011-2012

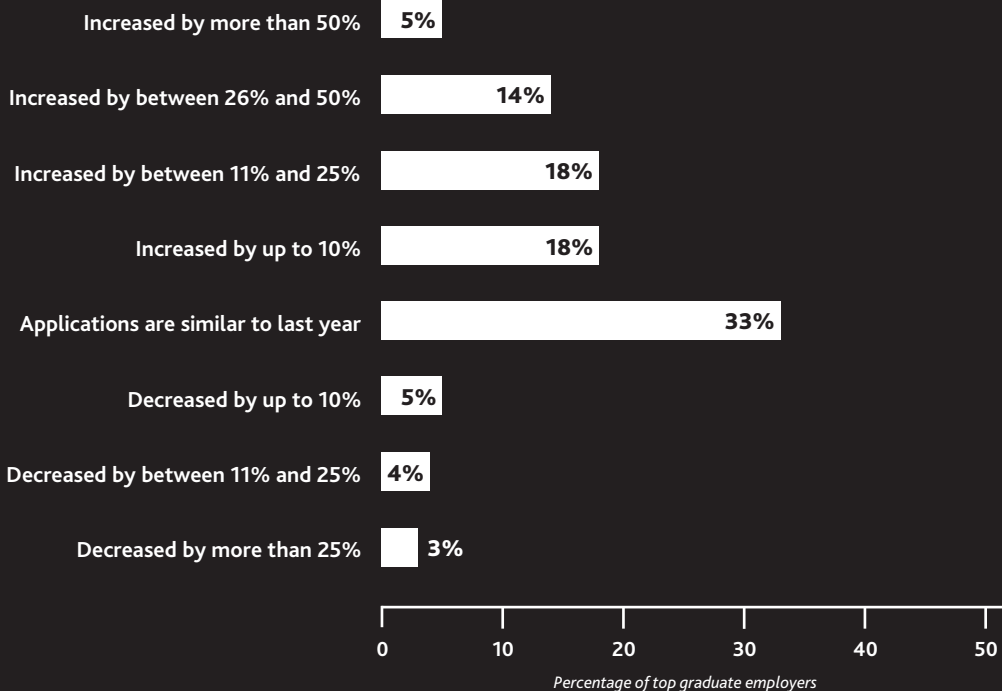
The research shows that many leading graduate employers have seen a substantial increase in the number of job applications in the early months of the 2011-2012 graduate recruitment round, compared with the same period a year ago.

More than half of the UK’s top recruiters reported greater application numbers and a fifth of employers said that their graduate application levels had risen by more than 25% – a very substantial year-on-year increase (see *Chart 4.5*). Two organisations explained that their graduate applications had more than doubled, compared with the same point last year. A third of employers said they’d had a similar level of applications and less than one in eight recruiters had attracted fewer applicants. These results equate to an average rise in graduate applications of 19%, compared with the 2010-2011 recruitment round.

Given that the summer update to *The Graduate Market in 2011*, published in July 2011, reported that recruiters received an average of 48 applications per graduate vacancy during the 2010-2011 recruitment season, this latest research suggests that the application rate for 2012 vacancies could be even higher.

The employers reporting the biggest increases in applications in 2011-2012 are those in the consulting sector, where graduate applications have jumped by an average of 75% compared with a year ago (see *Chart 4.6*). Applications to accounting & professional firms and the leading retailers have increased by more than a third, whilst employers in the engineering & industrial and banking & finance sectors have attracted up to a fifth more applicants. The most modest growth in applications has been for investment banking roles and graduate positions at consumer goods manufacturers.

Chart 4.5 Graduate Applications Received by Employers in 2011-2012



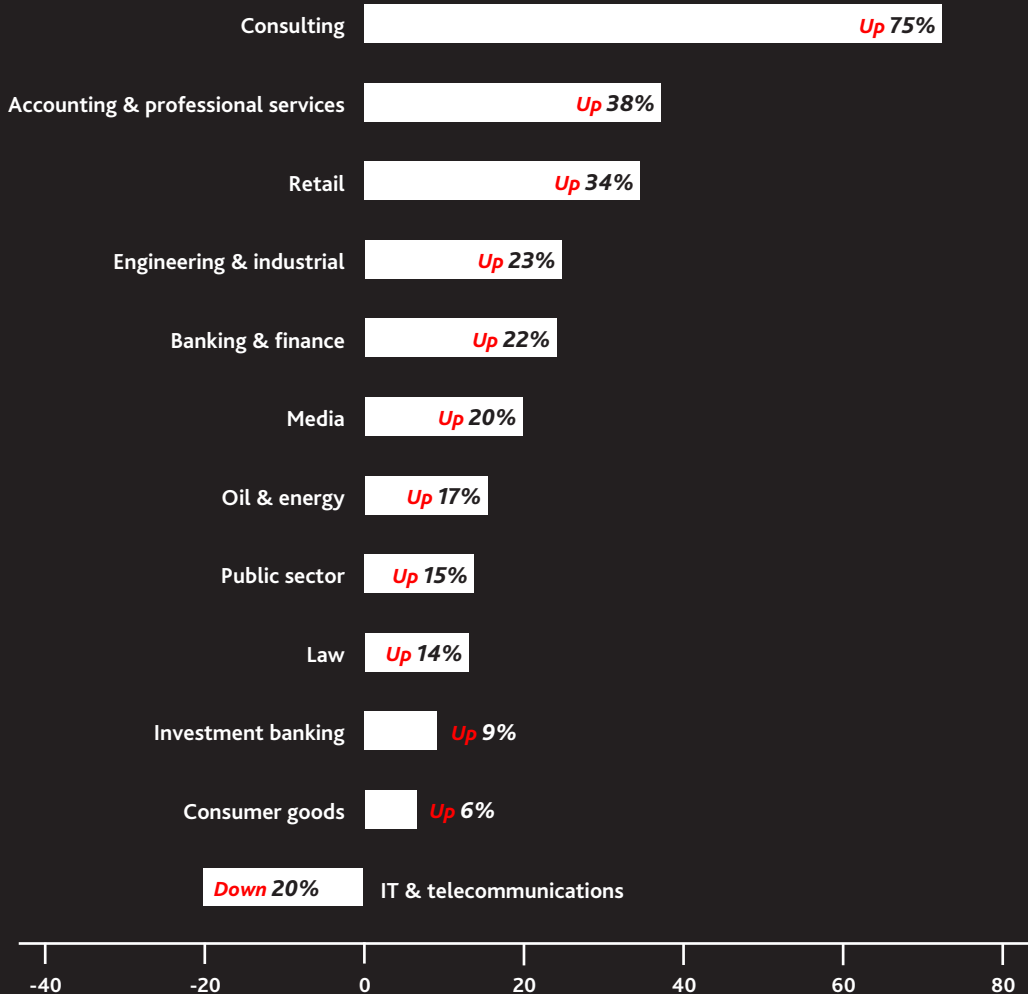
Source - The Graduate Market in 2012

Just one sector – IT & telecommunications – has had a drop in applications so far this year, with an average of a fifth fewer applicants than in 2010-2011. Two recruiters from the sector commented that although the volume of applications had decreased, the quality of candidates had improved.

Across the employers featured within the research, several recruiters who had seen an increase in applications this year commented that they had opened up their applications earlier than usual – in June or July, rather than September or October – and that this had contributed to a much higher volume of early applications from students and recent graduates.

Others recruiters felt that a backlog of graduates from previous years who were still looking for work and applications from postgraduate students was contributing to their bumper crop of applicants. To date, some 32% of all applications to the UK’s leading employers have been from graduates who left university in 2011 or before, and almost half of applicants for this year’s retail and public sector roles are past graduates.

Chart 4.6 Graduate Applications to Employers in 2011-2012, by Sector or Industry



Average percentage change in graduate applications in 2011-2012, compared with 2010-2011

Source - The Graduate Market in 2012

Summary

- More than **three-quarters** of top employers have **maintained or increased** their graduate recruitment budgets for the 2011-2012 recruitment round and just one in ten organisations has **decreased** their spending considerably this year.
- The UK's leading employers have been actively marketing their 2012 graduate vacancies at an average of **19** universities in the UK, using a variety of university **careers fairs**, campus **recruitment presentations** and **online advertising**.
- Graduate recruiters have put more emphasis on **social media**, **skills training sessions**, **university careers services** and campus **drop-in sessions** during this year's recruitment campaigns, and less emphasis on **advertising** in sector guides, local guides and graduate directories.
- The five universities most-often targeted by Britain's top graduate employers in 2011-2012 are **Manchester**, **London** (including Imperial College, University College and the London School of Economics) **Cambridge**, **Nottingham** and **Oxford**.
- Half of employers said they had received **more completed graduate job applications** during the early part of the recruitment season than they had last year.
- On average, employers have received **19% more graduate job applications** so far, compared with the equivalent period in the 2010-2011 recruitment round.
- To date, a **third** of applications for graduate positions in 2012 have been from **previous graduates** who left university in 2011 or earlier.

Chapter 5

Work Experience at Graduate Employers

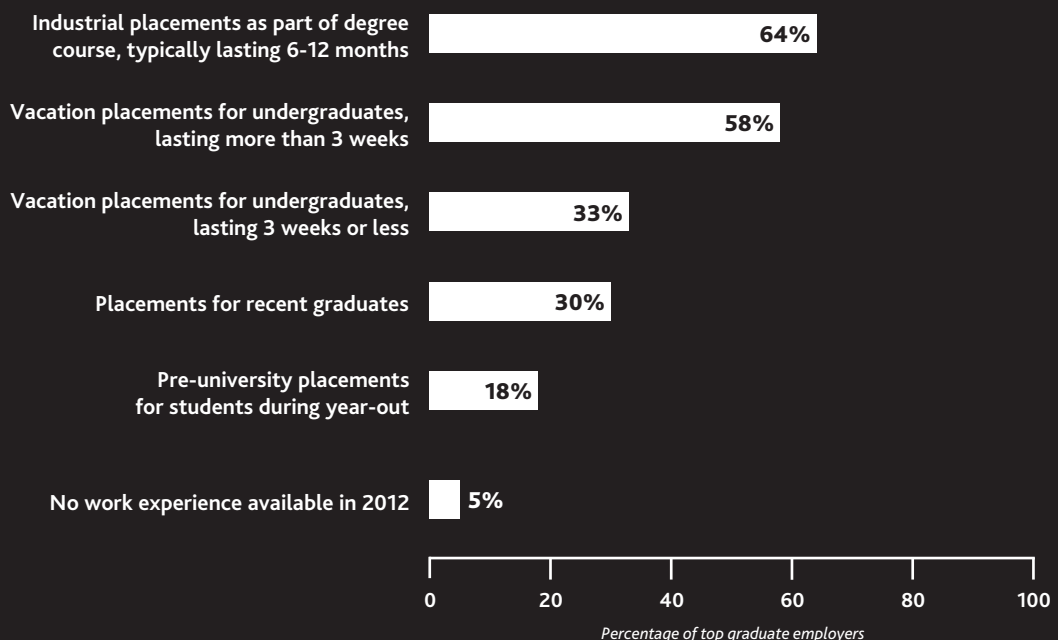
Types of Work Experience on Offer in 2011-2012

For the last part of the research, the UK's leading employers were asked about the paid work experience they offered to undergraduate students and recent graduates.

Almost two-thirds of top graduate employers are providing industrial placements for undergraduates during 2011-12 (see *Chart 5.1*). These are usually organised as part of university degree courses (often described as 'sandwich' courses) and typically last between six and twelve months, giving students first-hand experience of technical, commercial or research roles. Most placements are organised or facilitated by the university or faculty.

More than half the employers featured in the research are offering placements to students during the university vacations, lasting three weeks or longer. These internships are usually aimed at penultimate year students and competition for places can be considerable, with graduate recruitment-style selection processes at many organisations. A third of employers are offering shorter vacation experiences and a similar number have placements available for recent graduates. Five organisations aren't providing any work experience at all in 2012.

Chart 5.1 Work Experience on Offer from the UK's Top Employers in 2011-2012



Source - The Graduate Market in 2012

Availability & Value of Work Experience

There are more than 11,000 paid work experience placements on offer for students and recent graduates in 2011-2012 from the employers featured in the research (see *Table 5.2*), a small increase on the number of placements available in 2010-2011.

Once again, the largest number of placements are at the investment banks which this year have more than 2,700 internships and other experiences available. It is striking that investment banking is one of just three sectors where the number of placements on offer from employers outstrips or matches the number of permanent jobs available to graduates. The leading accounting & professional services firms, media companies and public sector employers have the lowest ratio of work placements to graduate jobs, making it harder for students interested in these areas to get experience before they apply for graduate roles.

Graduate recruiters were asked about the value of work experience when it comes to assessing students' applications for graduate roles with their organisations. More than half stated that it was either 'not very likely' or 'not at all likely' that a graduate who'd had no previous work experience – either with their organisation or at another employer – would be successful during their selection process and be made a job offer (see *Chart 5.3*). A number of recruiters commented that regardless of the academic results that a graduate had achieved, it would be very hard for an applicant to demonstrate the skills and competencies that they were looking for if they'd not had any prior work experience at all.

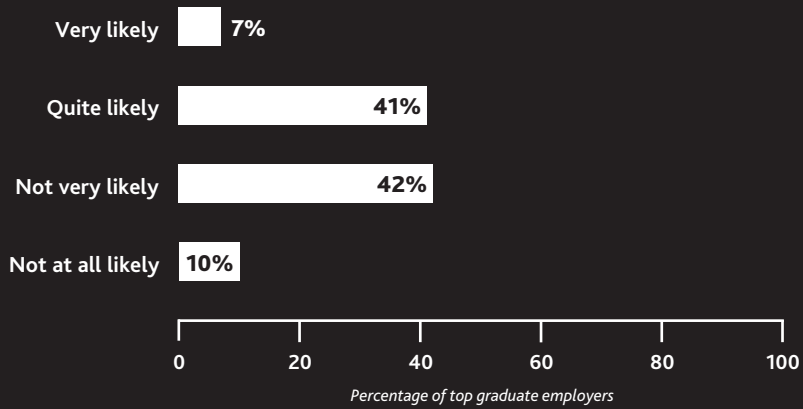
Recruiters estimate that 36% of the graduate vacancies available from employers featured in the research will be filled by applicants who have already worked for the organisation as an undergraduate and in some sectors the proportion increases to 50% or more (see *Chart 5.4*).

Table 5.2 Analysis of Work Experience in 2011-12, by Industry or Business Sector

Industry or Business Sector	Total work experience places available in 2010-2011	Total work experience places available in 2011-2012	% change in places between 2011 & 2012	Ratio of work experience places to graduate vacancies in 2012
Accounting & professional services	1,380	1,452	5.2	35:100
Banking & finance	854	1055	23.5	90:100
Consulting	201	218	8.5	48:100
Consumer goods	265	319	20.4	95:100
Engineering & industrial	571	584	2.3	43:100
Investment banking	2,880	2,706	-6.0	100:100
IT & telecommunications	620	655	5.6	106:100
Law	1,050	990	-5.7	118:100
Media	143	123	-14.0	31:100
Oil & energy	366	387	5.7	65:100
Public sector	362	389	7.5	16:100
Retailing	662	691	4.4	51:100
ALL SECTORS	11,051	11,296	2.2	65:100

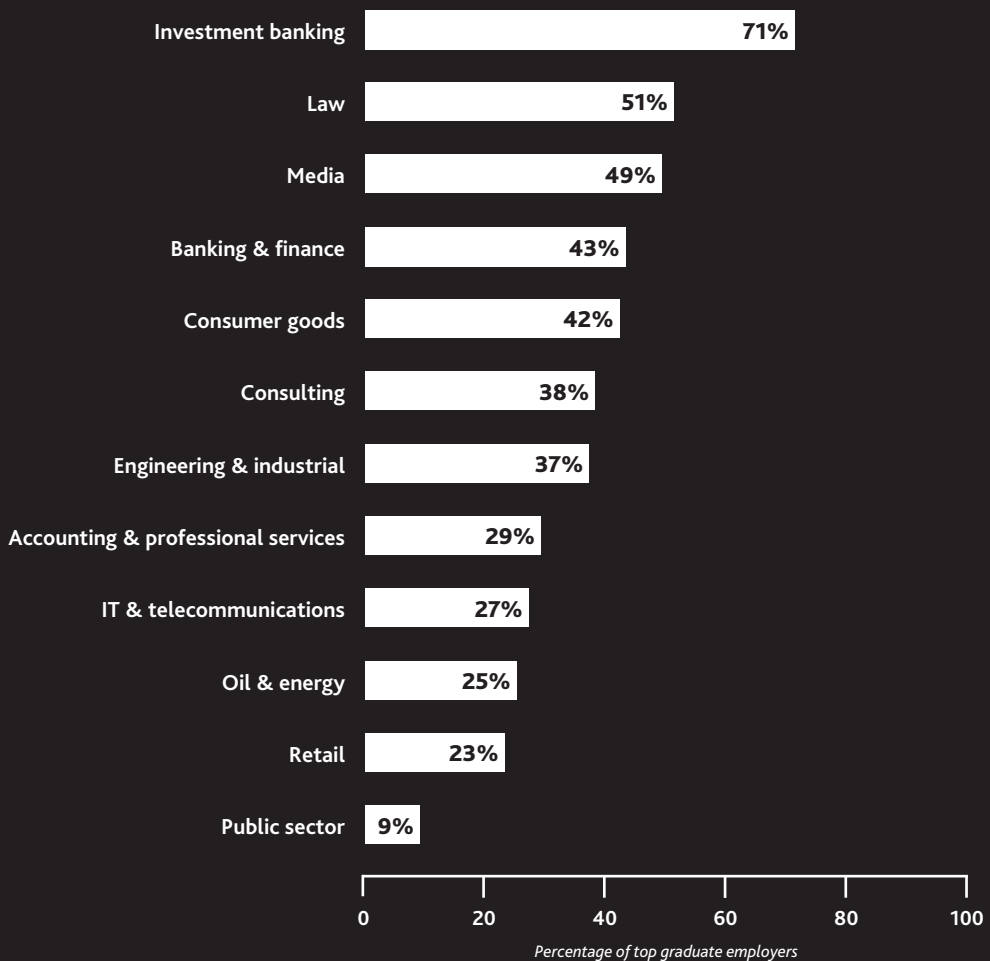
Source - The Graduate Market in 2012

Chart 5.3 Likelihood that Graduates with no Work Experience would get a Job Offer



Source - The Graduate Market in 2012

Chart 5.4 Vacancies filled by Graduates who've already Worked for the Employer



Source - The Graduate Market in 2012

Summary

- Virtually all of the UK's leading graduate employers are offering paid work experience programmes for students and recent graduates during the 2011-2012 academic year – a total of **11,296 places** are available.
- **Two-thirds** of employers are providing **industrial placements** for undergraduates (typically for 6-12 months) and more than half have **vacation internships** lasting three weeks or longer.
- More than **half of recruiters** warn that graduates who have had no previous work experience at all are **unlikely to be successful** during the selection process and have **little or no chance** of receiving a job offer for their organisations' graduate programmes.
- Almost **three-quarters** of the graduate vacancies advertised this year by City **investment banks** and **half** the training contracts offered by the leading **law firms** are likely to be filled by graduates who have already completed work experience with the employer.