

The Graduate Market in 2011

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 fifteen 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 2011 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 2010:

- The UK's leading employers are expecting to **increase** their graduate recruitment by **9.4%** in 2011, following a rise of **12.6%** in entry-level roles for university-leavers during 2010. Vacancies dropped by 17.8% in 2009 and 6.7% in 2008.
- Three-fifths of employers expect to recruit more graduates in 2011 whilst a quarter plan to maintain their intake at 2010 levels.
- The leading **accountancy & professional services** firms are intending to hire almost 10% more graduates than in 2010, an increase of more than 350 trainees year-on-year. There will also be substantial increases to the graduate intake at the City's top **investment banks** (up 12.2% compared to 2010) and the **high street banks** (up 24.8%).
- Employers in thirteen of fourteen key industries and employment areas expect to recruit more graduates in 2011. However, recruitment targets at several public sector employers have already been reduced and further cuts are expected later in the year.
- Although the total number of graduate vacancies is set to increase in 2011, 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 2011'.
- The largest recruiters of graduates in 2011 will be **PricewaterhouseCoopers** (1,200 vacancies), **Deloitte** (1,000 vacancies), **KPMG** (900 vacancies), **Teach First** (780 vacancies) and **Ernst & Young** (740 vacancies).
- **Starting salaries** at the UK's leading graduate employers in 2011 are expected to remain **unchanged from 2010 levels** – a median of **£29,000**. Salaries increased by 7.4% in 2010 and 5.9% in 2009.
- A quarter of top graduate programmes will pay new recruits more than **£30,000** when they start work and seven 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 £42,000), **law firms** (average of £38,000) and **oil & energy** companies (average of £32,000).
- **Public sector employers** (average of £22,200), **retailers** (average of £24,000) and **engineering & industrial** companies (average of £24,500) have the lowest graduate pay rates for 2011.

- More than **four-fifths** of top employers have **maintained or increased** their graduate recruitment budgets for the 2010-2011 recruitment round and just one in ten organisations has **decreased** their spending considerably this year.
- The majority of employers have been actively marketing their 2011 graduate vacancies at between **10** and **20** universities in the UK, using a variety of university **careers fairs**, campus **recruitment presentations** and local **advertising**.
- The five universities most-often targeted by Britain's top graduate employers in 2010-2011 are **Cambridge, Warwick, Manchester, London** (including Imperial College, University College and the London School of Economics) 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 received 45 applications per graduate vacancy in 2010.
- Almost all of the UK's leading graduate employers are offering work experience programmes for students and recent graduates during the 2010-2011 academic year – a total of **10,665 places** are available.
- **Three-fifths** of employers are providing **industrial placements** for undergraduates (typically for 6-12 months) or **vacation work** lasting more than three weeks.
- Nearly **two-thirds 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.
- At least **half the entry-level vacancies** advertised this year by City **investment banks** and 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 2011** – 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 2010* in a poll of more than 16,000 final year students to find “Which employer offers the best opportunities for graduates?”.



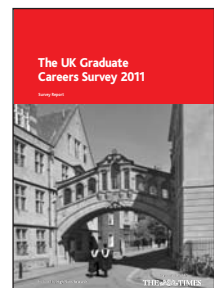
The research, conducted during **December 2010** by **High Fliers Research**, examines the number of graduate vacancies available at the UK’s leading employers in 2011, compared with recruitment levels in 2010. It assesses recruiters’ experiences of the 2010-11 graduate recruitment round so far and highlights 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 new graduates in 2011 and reviews the work experience placements 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 over 120 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 16,000 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 eight 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.

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 2010*, 16,114 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 800 different organisations during the survey – the one hundred employers with the most student votes form **The Times Top 100 Graduate Employers** for 2010.



It is these employers that are included in the research for *The Graduate Market in 2011* report:

<i>Accenture</i>	<i>Cancer Research UK</i>	<i>Jaguar Land Rover</i>	<i>Penguin</i>
<i>Airbus</i>	<i>Centrica</i>	<i>John Lewis</i>	<i>Police</i>
<i>Aldi</i>	<i>Citi</i>	<i>J.P. Morgan</i>	<i>PricewaterhouseCoopers</i>
<i>Allen & Overy</i>	<i>Civil Service</i>	<i>KPMG</i>	<i>Procter & Gamble</i>
<i>Arcadia Group</i>	<i>Clifford Chance</i>	<i>L'Oréal</i>	<i>QinetiQ</i>
<i>Army</i>	<i>Credit Suisse</i>	<i>Lidl</i>	<i>RAF</i>
<i>Arup</i>	<i>Deloitte</i>	<i>Linklaters</i>	<i>RBS Group</i>
<i>Asda</i>	<i>Deutsche Bank</i>	<i>Lloyd's</i>	<i>Rolls-Royce</i>
<i>AstraZeneca</i>	<i>Diageo</i>	<i>Lloyds Banking Group</i>	<i>Royal Navy</i>
<i>Atkins</i>	<i>DLA Piper</i>	<i>Local Government</i>	<i>Saatchi & Saatchi</i>
<i>BAE Systems</i>	<i>E.ON</i>	<i>Marks & Spencer</i>	<i>Sainsbury's</i>
<i>Bain & Company</i>	<i>EDF</i>	<i>Mars</i>	<i>Santander</i>
<i>Baker & Mckenzie</i>	<i>Ernst & Young</i>	<i>McDonald's Restaurants</i>	<i>Shell</i>
<i>Balfour Beatty</i>	<i>ExxonMobil</i>	<i>McKinsey & Company</i>	<i>Siemens</i>
<i>Barclays Bank</i>	<i>Foreign Office</i>	<i>Merrill Lynch</i>	<i>Sky</i>
<i>Barclays Capital</i>	<i>Freshfields Bruckhaus Deringer</i>	<i>MI5 - The Security Service</i>	<i>Slaughter & May</i>
<i>BBC</i>	<i>GCHQ</i>	<i>Microsoft</i>	<i>Sony</i>
<i>BDO Stoy Hayward</i>	<i>GlaxoSmithKline</i>	<i>Ministry of Defence</i>	<i>Teach First</i>
<i>Bloomberg</i>	<i>Goldman Sachs</i>	<i>Morgan Stanley</i>	<i>Tesco</i>
<i>BNP Paribas</i>	<i>Google</i>	<i>Nestlé</i>	<i>The Co-operative Group</i>
<i>Boots Company</i>	<i>Grant Thornton</i>	<i>Network Rail</i>	<i>Transport for London</i>
<i>Boston Consulting Group</i>	<i>Herbert Smith</i>	<i>NHS</i>	<i>UBS</i>
<i>BP</i>	<i>Hogan Lovells</i>	<i>npower</i>	<i>Unilever</i>
<i>BT</i>	<i>HSBC</i>	<i>Nuclear Graduates</i>	<i>Vodafone</i>
<i>Cadbury</i>	<i>IBM</i>	<i>Oxfam</i>	<i>WPP</i>

Chapter 2

Graduate Vacancies

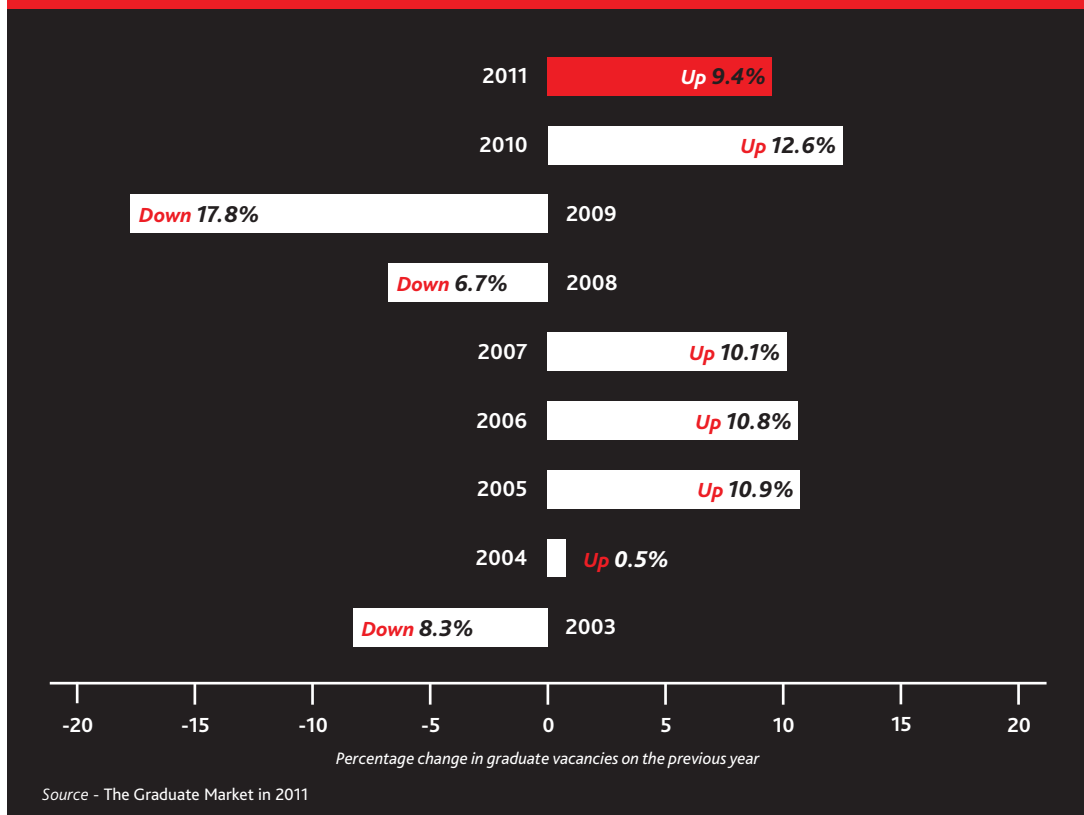
Job Vacancies for Graduates

The first part of the research examines the number of graduate vacancies available at the UK's leading employers in 2011, compared with recruitment levels in 2010. Graduate vacancies for 2011 are typically positions with an autumn 2011 start date, promoted during the current 2010-2011 recruitment season.

Twelve months ago, *The Graduate Market in 2010* revealed that after two years of swingeing cuts to graduate vacancies in 2008 and 2009, many top employers were planning to increase their entry-level positions for the first time in three recruitment seasons. This new-found confidence gathered pace through the recruitment season and in the autumn of 2010, an additional 1,700 graduates started work with employers across the UK.

The outlook for 2011 is similarly upbeat, with graduate employers expecting to hire 9.4% more graduates than in 2010. Whilst this is very welcome news for university-leavers, it still does not restore graduate recruitment to the levels recorded in 2007, the year before the recession started.

Chart 2.1 How Job Vacancies for Graduates have Changed between 2003 and 2011



Graduate Vacancies in 2010

By comparison with the considerable 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 during the course of the 2009-2010 recruitment round.

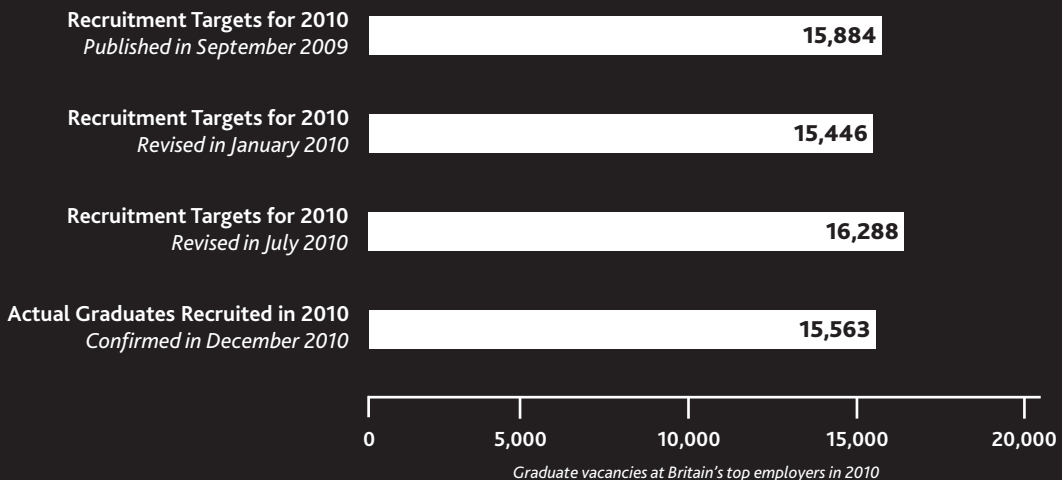
Recruitment targets fluctuated a little at different points during the recruiting season but this research confirms that a total of 15,563 graduates started work with organisations featured in *The Times Top 100 Graduate Employers* in the autumn of 2010, a 12.6% increase on the number of graduates hired in 2009. In all, forty-seven employers stepped-up their graduate recruitment during 2010 and a further thirteen organisations maintained their intake at 2009 levels. More than a third of organisations did, however, reduce their recruitment, albeit by fewer than fifty positions at the majority of employers.

The biggest growth in vacancies was at the accounting & professional services firms who created an additional 724 trainee positions in 2010 and at the City investment banks where an extra 498 entry-level jobs were available. The retail sector also expanded its recruitment significantly, hiring 50% more graduates than in 2009, a rise of almost 400 extra posts. Graduate vacancies increased in eleven out of fourteen industries and business sectors during 2010 – the only employers with fewer graduate jobs on offer were the Armed Forces, law firms and those in the public sector.

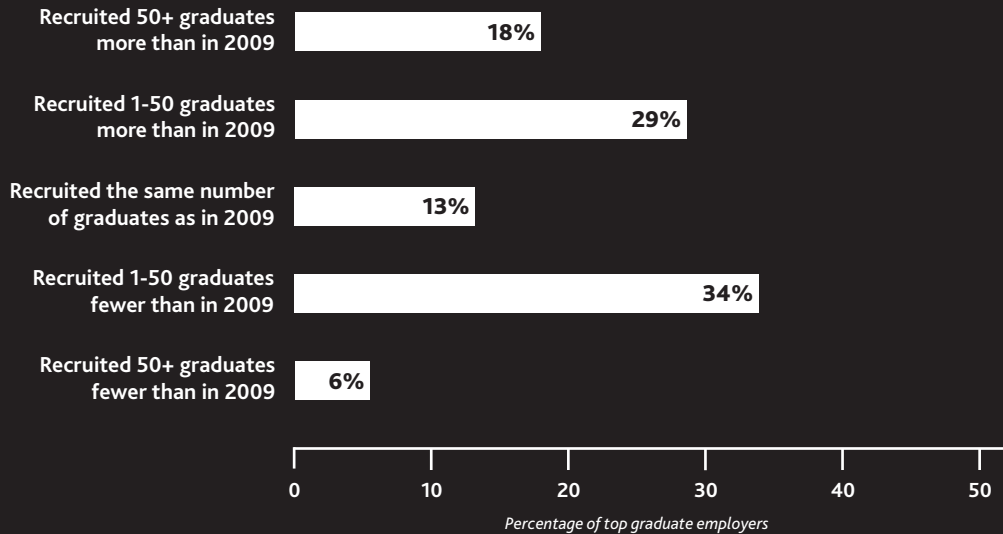
The accounting & professional services firms remained the largest recruiters overall, with over 3,700 posts available in 2010 – two of the ‘Big Four’ firms confirmed that they hired around 1,000 graduates during the year and each of the other firms included within the research expanded its intake too.

Despite the recruiting freeze imposed on Government departments and other parts of the public sector after the election in May 2010, much of the planned graduate recruitment for these organisations had already been completed for the 2010 intake and was unaffected.

Chart 2.2 How Graduate Recruitment Targets Changed during 2010



Source - The Graduate Market in 2011

Chart 2.3 How Graduate Vacancies Changed in 2010, compared with 2009

Source - The Graduate Market in 2011

Table 2.4 Analysis of Graduate Vacancies in 2010, by Industry or Business Sector

Industry or Business Sector	Recruitment target for 2010, as published in Sept 2009	Recruitment target for 2010, as revised in Jan 2010	Recruitment target for 2010, as revised in July 2010	Actual graduates recruited by Dec 2010	% change from recruitment in 2009	Vacancies added (cut), compared with 2009
Accounting & professional services	3,500	3,444	3,959	3,749	23.9	724
Armed Forces	2,000	1,835	1,785	1,625	-3.0	(50)
Banking & finance	950	1,018	1,042	893	14.2	111
Chemical & pharmaceuticals	65	55	67	57	5.6	3
Consulting	405	405	540	495	22.2	90
Consumer goods	196	174	181	186	2.8	5
Engineering & industrial	1,005	801	896	831	1.6	13
Investment banking	2,100	2,172	2,218	2,116	30.8	498
IT & telecommunications	340	409	580	574	76.6	249
Law	835	806	756	775	-2.1	(17)
Media	310	363	549	429	60.7	162
Oil & energy	487	452	459	558	29.2	126
Public sector	2,456	2,406	2,182	1,961	-21.8	(546)
Retailing	1,015	968	957	1,197	50.0	399
ALL SECTORS	15,884	15,446	16,288	15,563	12.6	1,746

Source - The Graduate Market in 2011

Expected Graduate Vacancies in 2011

It is encouraging to see that following the increased number of opportunities for university-leavers in 2010, more than half the employers from *The Times Top 100 Graduate Employers* are expecting to expand their graduate recruitment programmes in 2011 (see *Chart 2.6*). Ten organisations are confident that they'll be hiring at least fifty additional graduates this year, a quarter of employers plan to recruit similar numbers of graduates to their 2010 intake, but one in six warn that they will be reducing their entry-level vacancies.

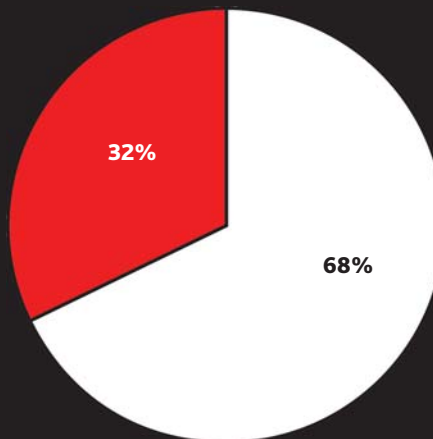
This positive outlook means that vacancies for graduates are set to increase in thirteen out of the fourteen main employment areas (see *Table 2.7*). The biggest growth recorded so far is at the accounting & professional services firms which, having expanded their recruitment by 700 extra graduate positions in 2010, are now planning to hire more than 350 additional graduates during the 2011 recruitment season. The investment banks and other banking & finance institutions are set to increase their recruitment too, by at least 500 new roles this year and there are a significant number of extra vacancies planned at consulting firms and IT & telecoms companies.

The prospects for graduates in the public sector, however, are not quite so optimistic. The rapid expansion of the Teach First scheme – which this year is set to recruit an extra 230 graduates, on top of its record recruitment in 2010 – helps disguise the fact that several of the largest employers in the public sector have already reduced their graduate vacancies for 2011 and that more cuts are likely before the end of the recruitment season.

Although it is clear from this data that the graduate job market is making a good recovery, employers have confirmed that a third of the vacancies that they are promoting for 2011 are expected to be filled by undergraduates who have had previous work experience with their organisations, such as internships, industrial placements, vacation schemes or sponsorships (see *Chart 2.5*). This means that an estimated 5,600 positions from this year's entry-level vacancies will not be available to other final year students from the 'Class of 2011' currently applying for graduate jobs.

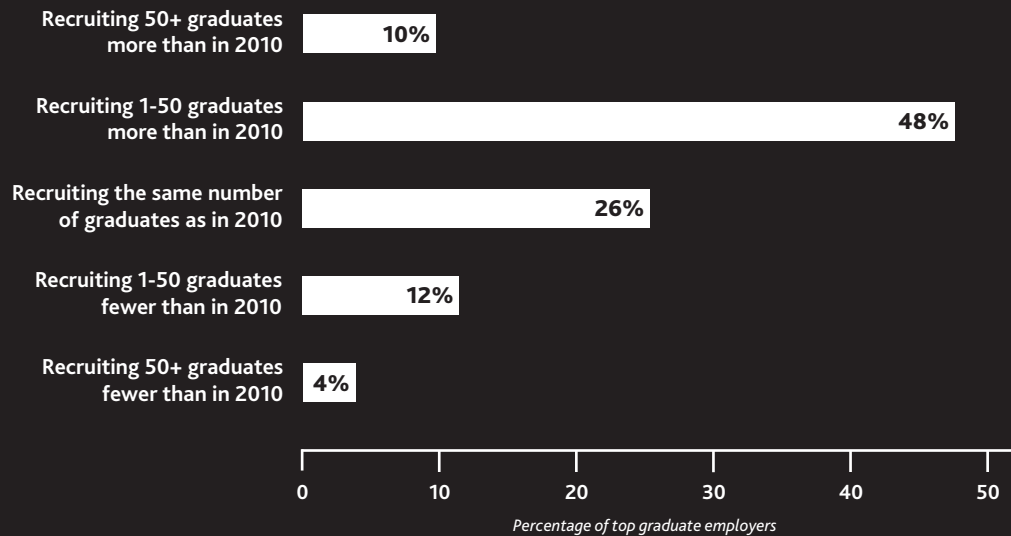
Chart 2.5 Graduate Vacancies at the UK's Top Employers in 2011

Vacancies for 2011 expected to be filled by graduates who had already worked for the employer



Vacancies for 2011 available to final year undergraduates and recent graduates

Source - The Graduate Market in 2011

Chart 2.6 How Graduate Vacancies are Expected to Change in 2011

Source - The Graduate Market in 2011

Table 2.7 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 Dec 2010	% change from recruitment in 2010	Vacancies added (cut), compared with 2010	% of vacancies likely to be filled by graduates who had already worked for employer
Accounting & professional services	4,000	4,106	9.5	357	25
Armed Forces	1,800	1,625	0.0	0	-
Banking & finance	1,190	1,410	24.8	280	33
Chemical & pharmaceuticals	65	61	7.0	4	-
Consulting	555	600	21.2	105	16
Consumer goods	365	314	33.1	78	21
Engineering & industrial	1,100	1,041	0.2	2	35
Investment banking	3,300	2,655	12.2	289	53
IT & telecommunications	455	513	33.9	130	28
Law	813	808	4.5	35	50
Media	545	495	13.8	60	15
Oil & energy	480	680	11.7	71	39
Public sector	1,885	1,834	4.6	80	17
Retailing	1,109	1,212	1.3	15	12
ALL SECTORS	17,862	17,462	9.4	1,507	32

Source - The Graduate Market in 2011

Location & Type of Graduate Vacancies in 2011

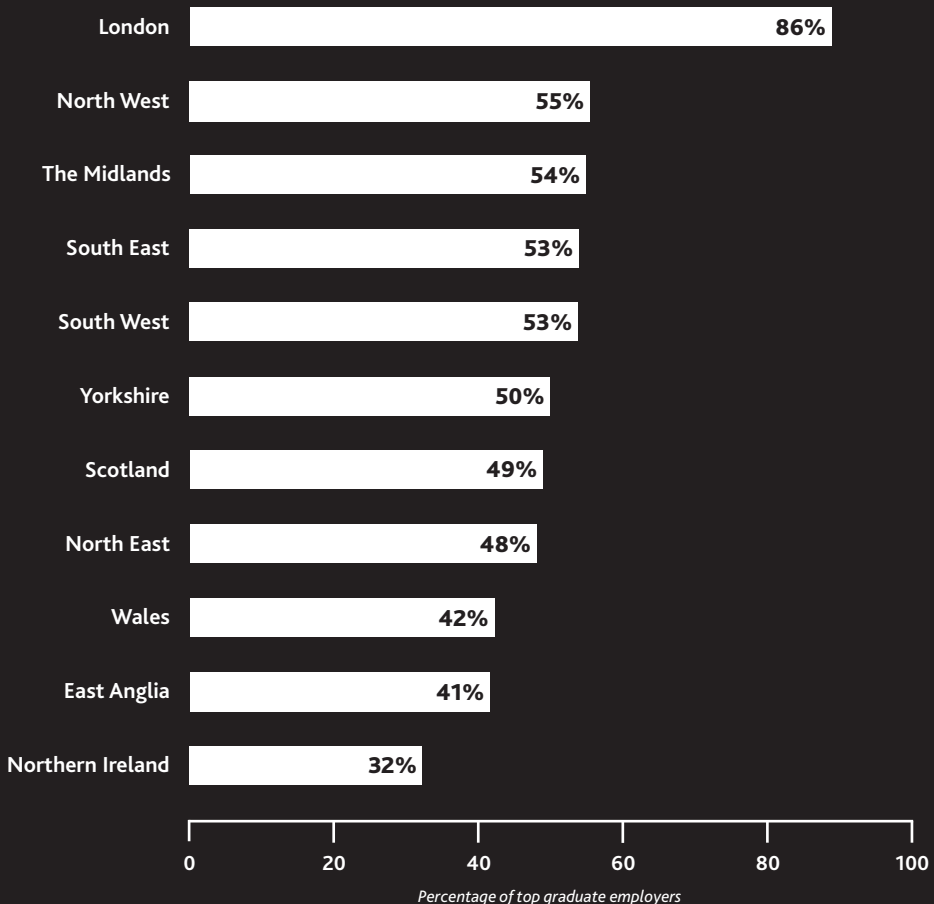
Examining where within the UK employers expect to employ graduates shows that nine out of ten organisations are offering vacancies in London for 2011 and half plan to hire new recruits for positions in the south east of England (see *Chart 2.8*). Whilst this doesn't necessarily mean that the majority 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.

A total of 49% and 42% of employers have jobs on offer in Scotland and Wales respectively and 32% are recruiting for graduate opportunities in Northern Ireland.

The research also records the type of job functions that employers are hoping to recruit graduates into in 2011. 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 engineering,

Chart 2.8 Location of Graduate Vacancies at leading UK Employers in 2011

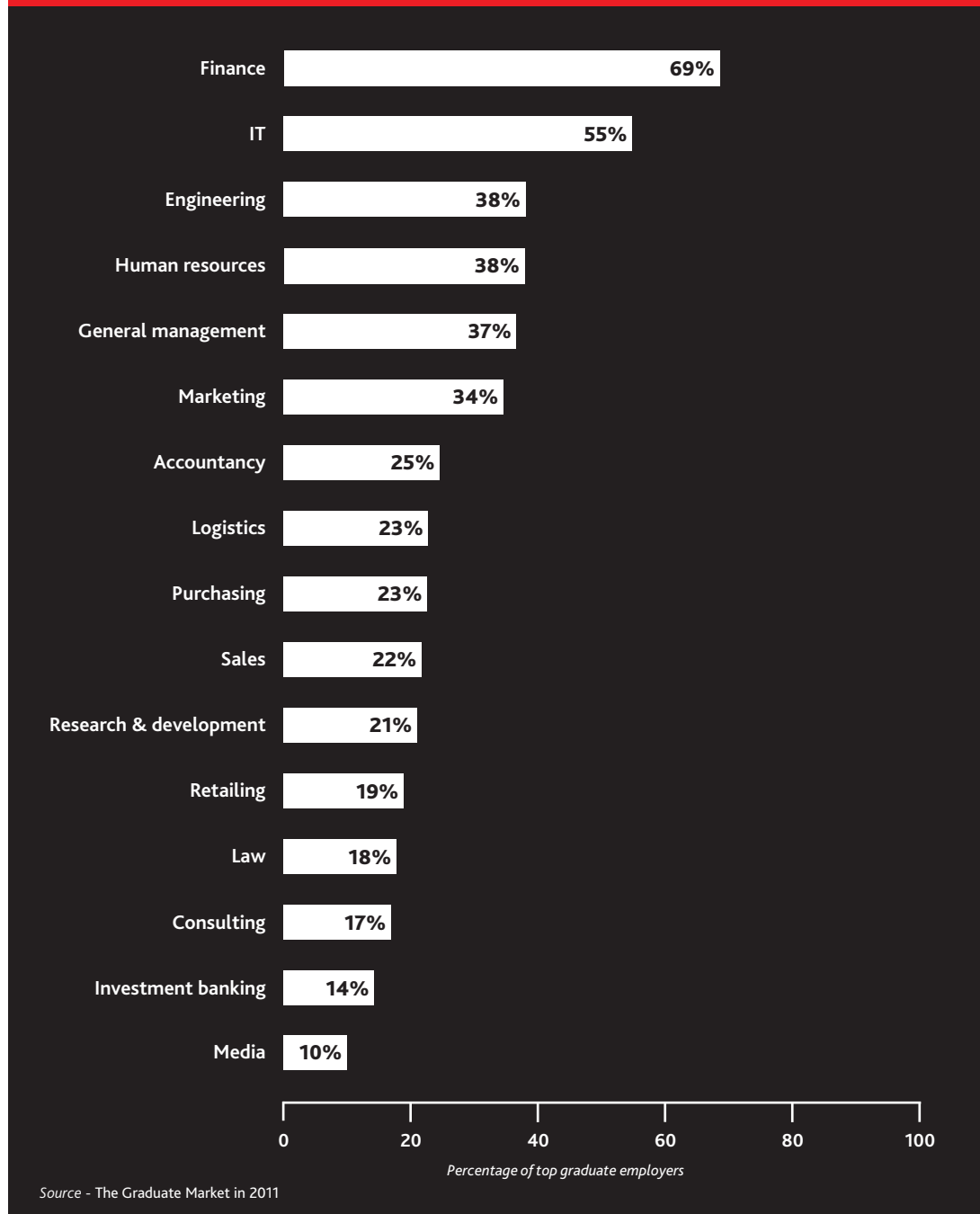


Source - The Graduate Market in 2011

human resources or general management and a third are recruiting for marketing positions. Fewer than a fifth of employers are recruiting for consulting or investment banking roles and just ten 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 2011



Changes in Graduate Vacancies during the Recession

Between 2007 and 2009, 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.

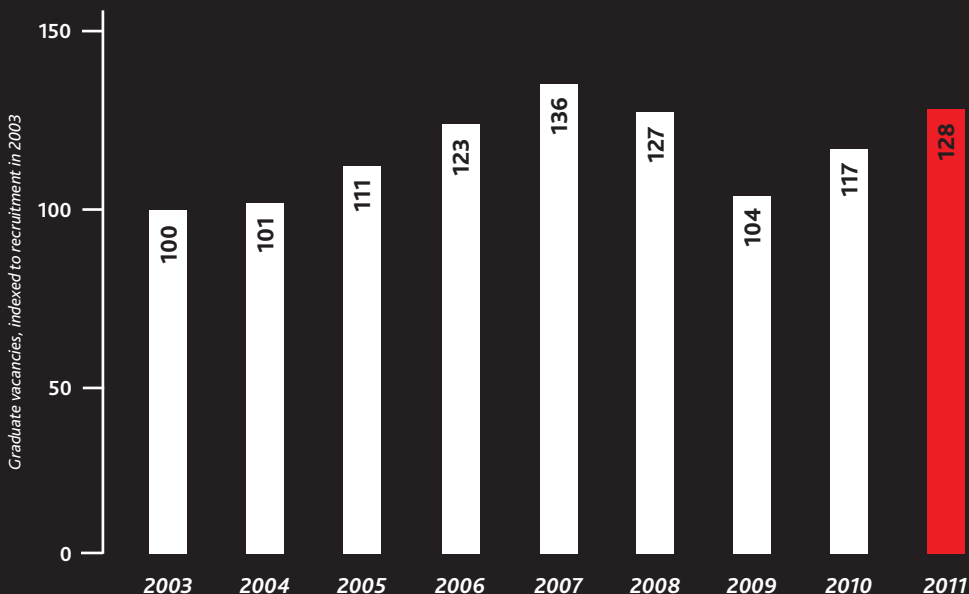
The most substantial cuts took place at the investment banks, IT & telecoms firms, chemical & pharmaceuticals companies and within the media, where vacancies halved during the course of the two recruitment rounds. There were sharp falls too in recruitment at consumer goods manufacturers, engineering & 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 eight 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 positions in 2010 and the higher vacancy targets for 2011, recruitment of university-leavers has yet to return to the pre-recession intake seen in 2007.

Chart 2.10 Indexing Graduate Vacancies at the UK’s Top Employers 2003 to 2011



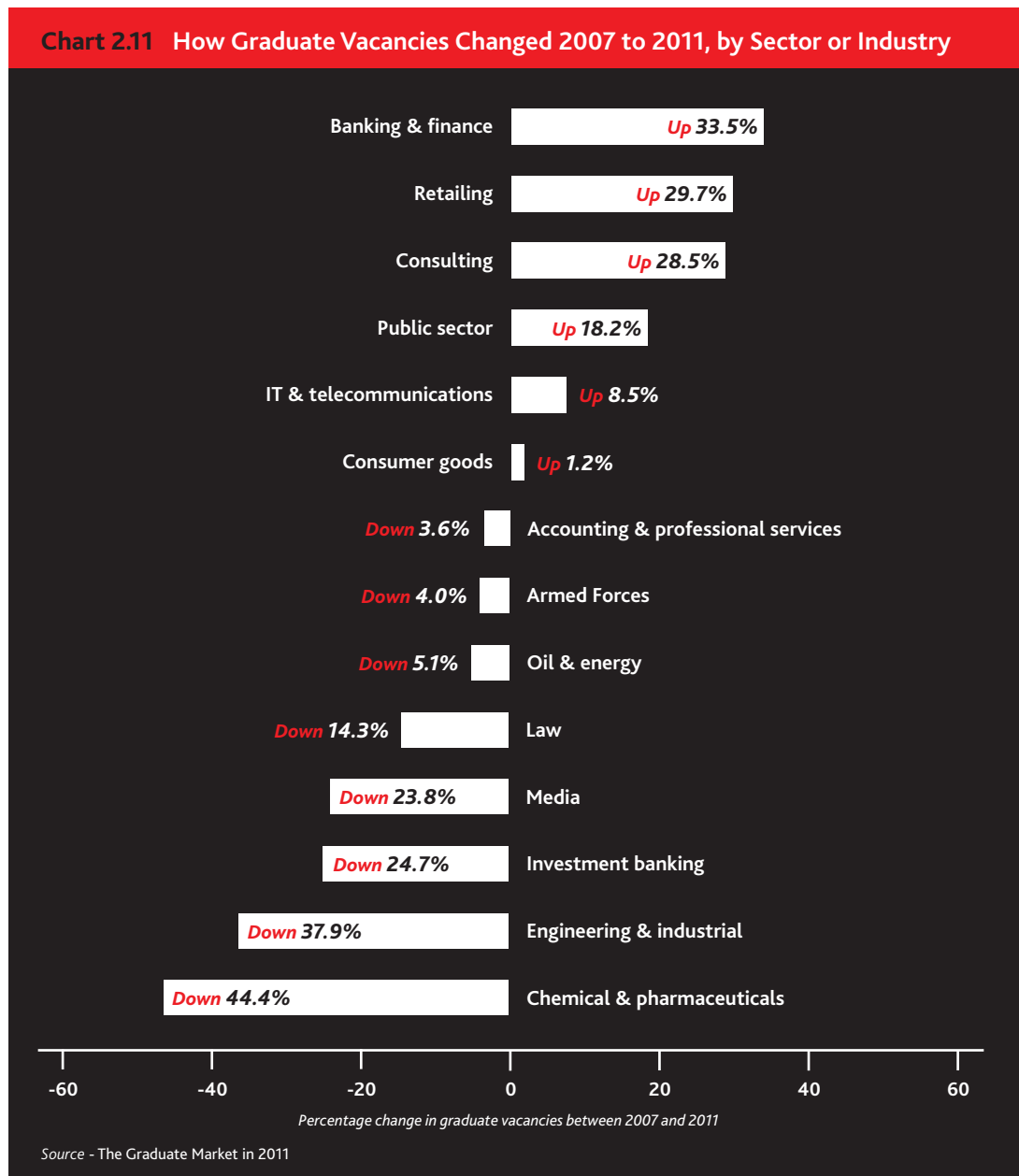
Source - The Graduate Market in 2011

Comparing the graduate recruitment targets for 2011 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*).

There are a quarter fewer entry-level positions at the City investment banks, compared with four years ago and recruitment at the major engineering & industrial employers is a third lower than in 2007. The worst-hit sector remains chemical & pharmaceuticals where there are now virtually half the number of graduate jobs than before the downturn.

By contrast, graduate recruitment at the high street banks, leading retailers and the top management consulting firms has actually increased by between a quarter and a third during the last four years. Public sector employers, IT & telecommunications firms and consumer goods manufacturers have also recorded a net increase in their recruitment over the period.

Chart 2.11 How Graduate Vacancies Changed 2007 to 2011, by Sector or Industry



Summary

- The UK's leading employers are expecting to **increase** their graduate recruitment by **9.4%** in 2011, following a rise of **12.6%** in entry-level roles for university-leavers during 2010. Vacancies dropped by 17.8% in 2009 and 6.7% in 2008.
- Three-fifths of employers expect to recruit more graduates in 2011 whilst a quarter plan to maintain their intake at 2010 levels.
- The leading **accountancy & professional services** firms are intending to hire almost 10% more graduates than in 2010, an increase of more than 350 trainees year-on-year. There will also be substantial increases to the graduate intake at the City's top **investment banks** (up 12.2% compared to 2010) and the **high street banks** (up 24.8%).
- Employers in thirteen of fourteen key industries and employment areas expect to recruit more graduates in 2011. Recruitment targets at several public sector employers have already been reduced and further cuts are expected later in the year.
- Although the total number of vacancies is set to increase in 2011, 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 2011'.
- The largest recruiters of graduates in 2011 will be **PricewaterhouseCoopers** (1,200 vacancies), **Deloitte** (1,000 vacancies), **KPMG** (900 vacancies), the Teach First scheme (780 vacancies) and **Ernst & Young** (740 vacancies).

Chapter 3

Graduate Salaries

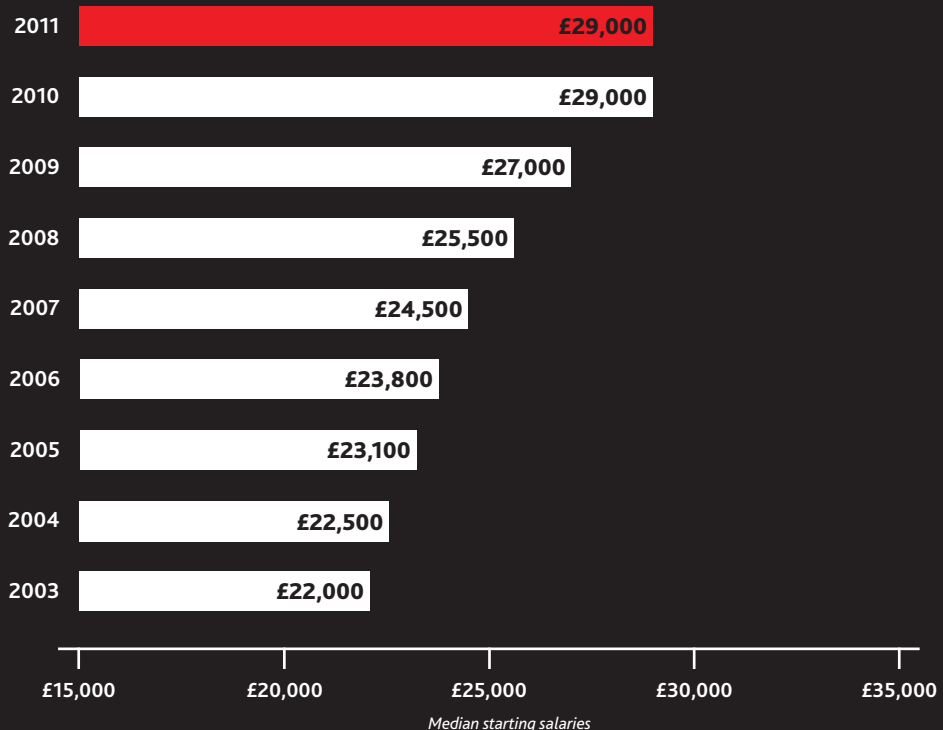
Starting Salaries for Graduates

The second part of the research examines the starting salaries that top employers are planning to pay new graduates due to begin work in 2011, compared with salaries paid to graduate recruits who joined their organisations in 2010. The salaries quoted are generally the average national salaries that have been promoted by employers during the 2009-2010 and 2010-2011 recruitment rounds. The figures do not include additional benefits such as relocation allowances, regional weighting, subsidised company facilities or bonus schemes.

Although the number of graduate vacancies at the UK's leading employers is set to increase in 2011, at the mid-point in the graduate recruitment round, the average starting salary for new graduates remains unchanged from 2010 at £29,000 (see *Chart 3.1*).

During the recession, graduate starting salaries at the top employers continued rising and median pay increased by 4.1% in 2008 and 5.9% in 2009, in part due to the continuing high rate of inflation in the UK. The improving graduate job market in 2010 brought a substantial jump in the median starting salary to £29,000, a year-on-year increase of 7.4%.

Chart 3.1 How Starting Salaries for Graduates have Changed between 2003 and 2011



Source - The Graduate Market in 2011

Graduate Salaries in 2011

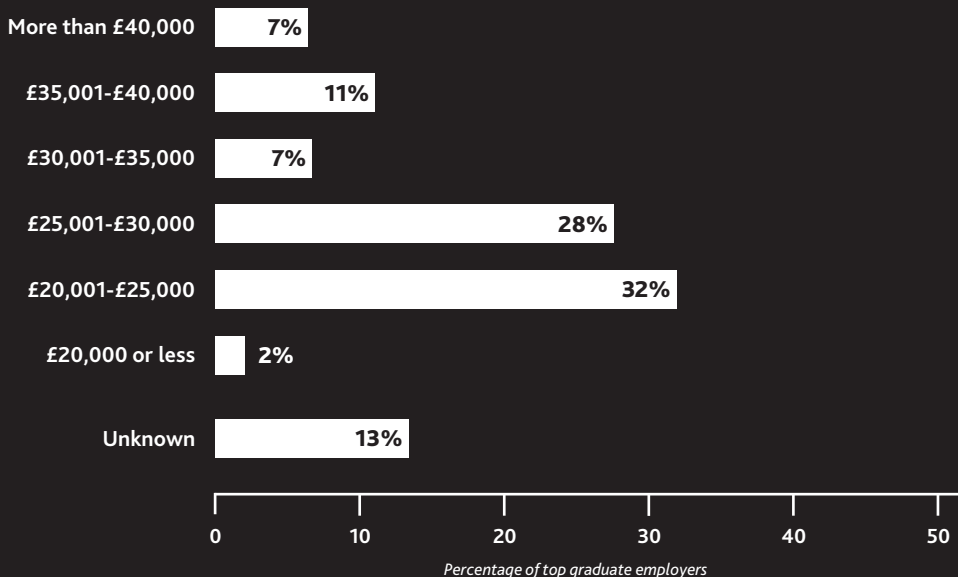
Although the UK’s leading employers are again offering a median starting salary of £29,000 for graduates starting work in 2011, the research shows that the salaries on offer do vary considerably from organisation to organisation.

Only two major employers are paying £20,000 or less to their new graduate recruits this year. The majority of organisations – some three-fifths of those featured in the research – are offering graduates between £20,000 and £30,000 when they start work (see *Chart 3.2*). At the top of the market, a quarter of graduate programmes now pay more than £30,000 and one in six employers – chiefly from the legal and investment banking sectors – are intending to pay salaries in excess of £35,000 this year. Seven organisations intend to pay upwards of £40,000, including two of the top investment banks that are offering packages worth at least £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.

By sector, the highest-paying UK employers in 2010 are the investment banks and law firms (see *Chart 3.3*). Whilst it should be noted that several of the investment banks featured within the research declined to reveal their graduate starting salaries, most are believed to be offering basic pay of between £35,000 and £45,000 to graduates this year. The resurgence of recruitment within the banking sector during 2010, combined with a reorganisation of how remuneration packages are structured at a number of banks has meant that average salaries at investment banks have jumped around 10% over the last twelve months. The median salary for graduates joining the legal sector remains £38,000.

Three other sectors – oil & energy, the media and consulting – are each offering salaries in excess of £30,000, although it should be noted the majority of graduate roles at the media organisations included in the research are commercial posts rather than editorial positions, which traditionally attract much lower starting salaries. Banking & finance employers and

Chart 3.2 Graduate Starting Salaries at leading UK Employers in 2011



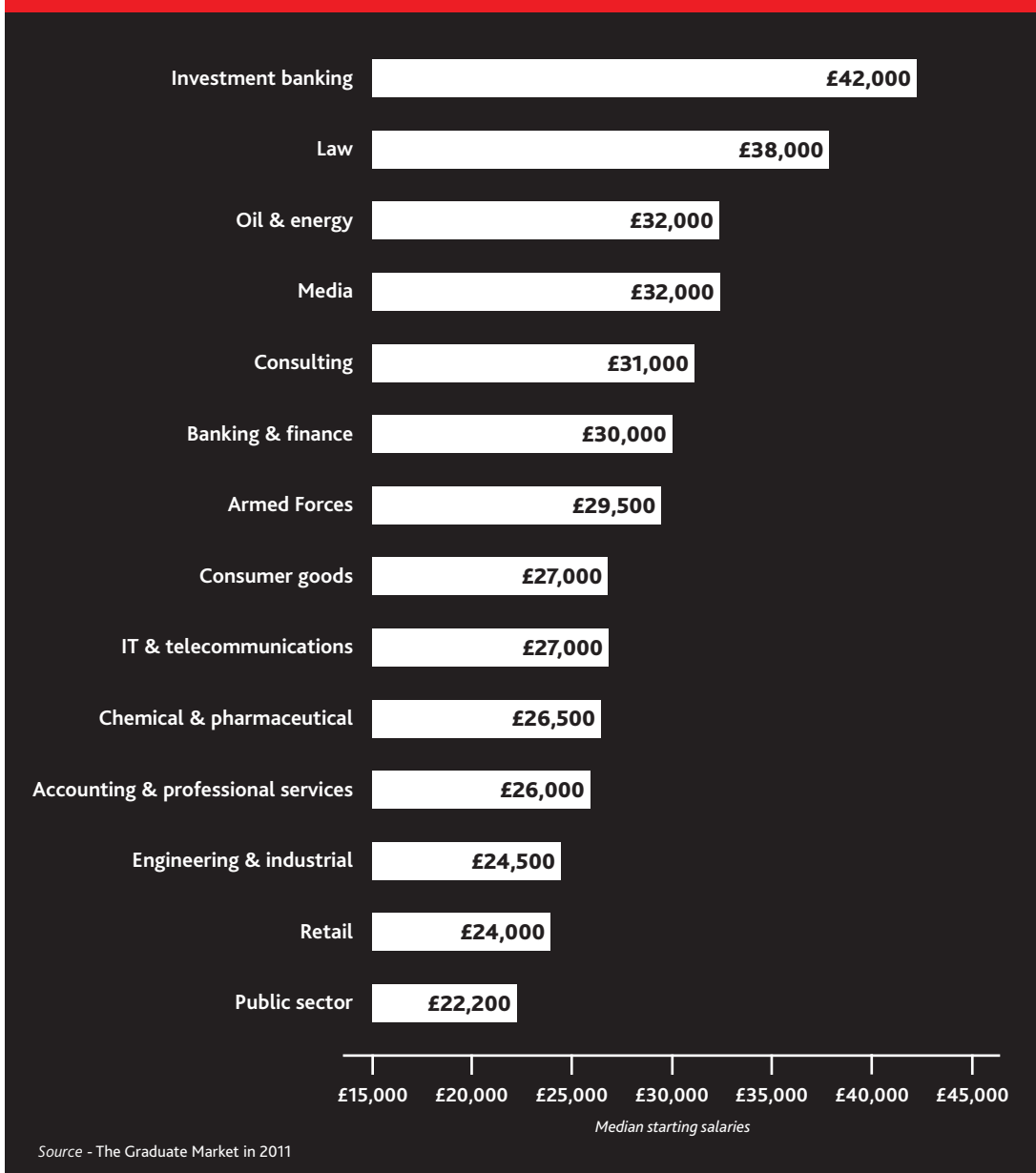
Source - The Graduate Market in 2011

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 retailers, engineering & industrial companies and public sector employers, which each offer average starting salaries of less than £25,000.

Starting salaries in some employment areas may yet increase before graduates begin work in autumn 2011. 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.

It is interesting to note that whilst none of the data for graduate remuneration in 2011 includes additional incentives such as relocation allowances, a quarter of organisations did state that they will be offering some form of ‘starting work’ bonus to graduates this year.

Chart 3.3 Graduate Salaries at UK Employers in 2011, by Sector or Industry



Changes to Graduate Salaries since 2010

Looking at how graduate starting salaries at individual organisations have changed for 2011, it is apparent that the majority of employers included in the research have opted to leave their starting salaries unchanged this year. Over half of recruiters have left their pay at 2010 rates (see *Chart 3.4*).

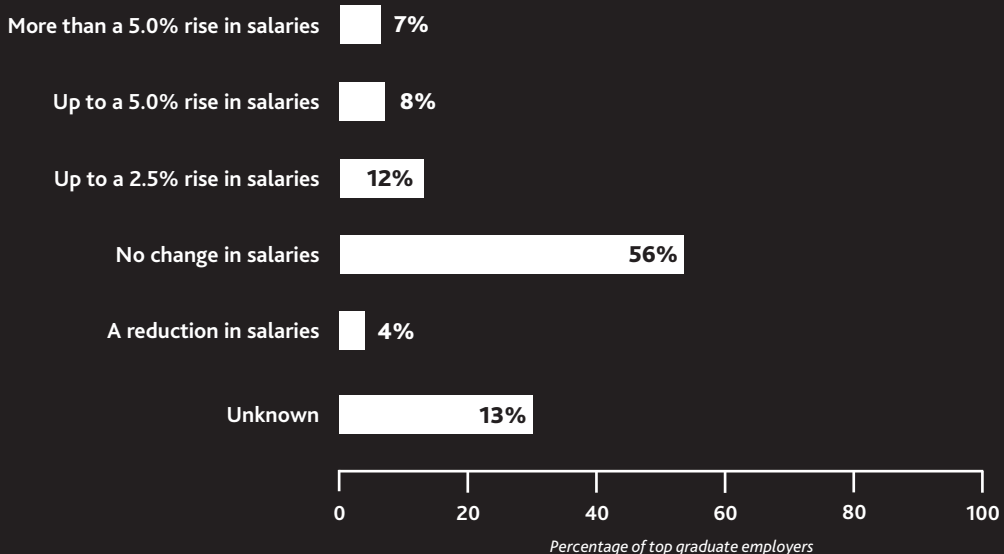
Around a quarter of organisations are planning to increase salaries for new recruits compared with 2010 levels, most by no more than 5.0%. This could be considered to be a cost-of-living increase, given that the rate of inflation (CPI) is currently between 3% and 4% in the UK. Just seven organisations have opted to increase their graduate pay by more than 5.0%. Four well-known employers have reduced their starting salaries for 2011, albeit by a small amount in each instance.

Looking at pay within different industries and business sectors, many starting salaries remain very similar in 2011 as they were in 2010 (see *Chart 3.5*). In eight of the fourteen employment areas featured within the research – including investment banks, consumer goods manufacturers, accountancy & professional services firms, IT & telecommunications companies and law firms – there is no change to the median salary.

Modest salary increases are expected in five sectors – oil & energy, engineering & industrial employers, banking & finance firms, media organisations and chemical & pharmaceuticals companies. Although no individual public sector employer is planning to reduce its graduate starting salary in 2011, the median salary for the sector has moved lower due to a reduction in graduate vacancies at some of the higher-paying organisations.

Comparing starting salaries in 2011 with those on offer in past years, it is apparent that pay rates over the last five years have increased dramatically in several employment areas. The leading law firms are now paying a quarter more than they did in 2007, whilst the top investment banks have stepped up their starting salaries by a fifth over the same period.

Chart 3.4 Changes to Graduate Salaries at leading UK Employers since 2010



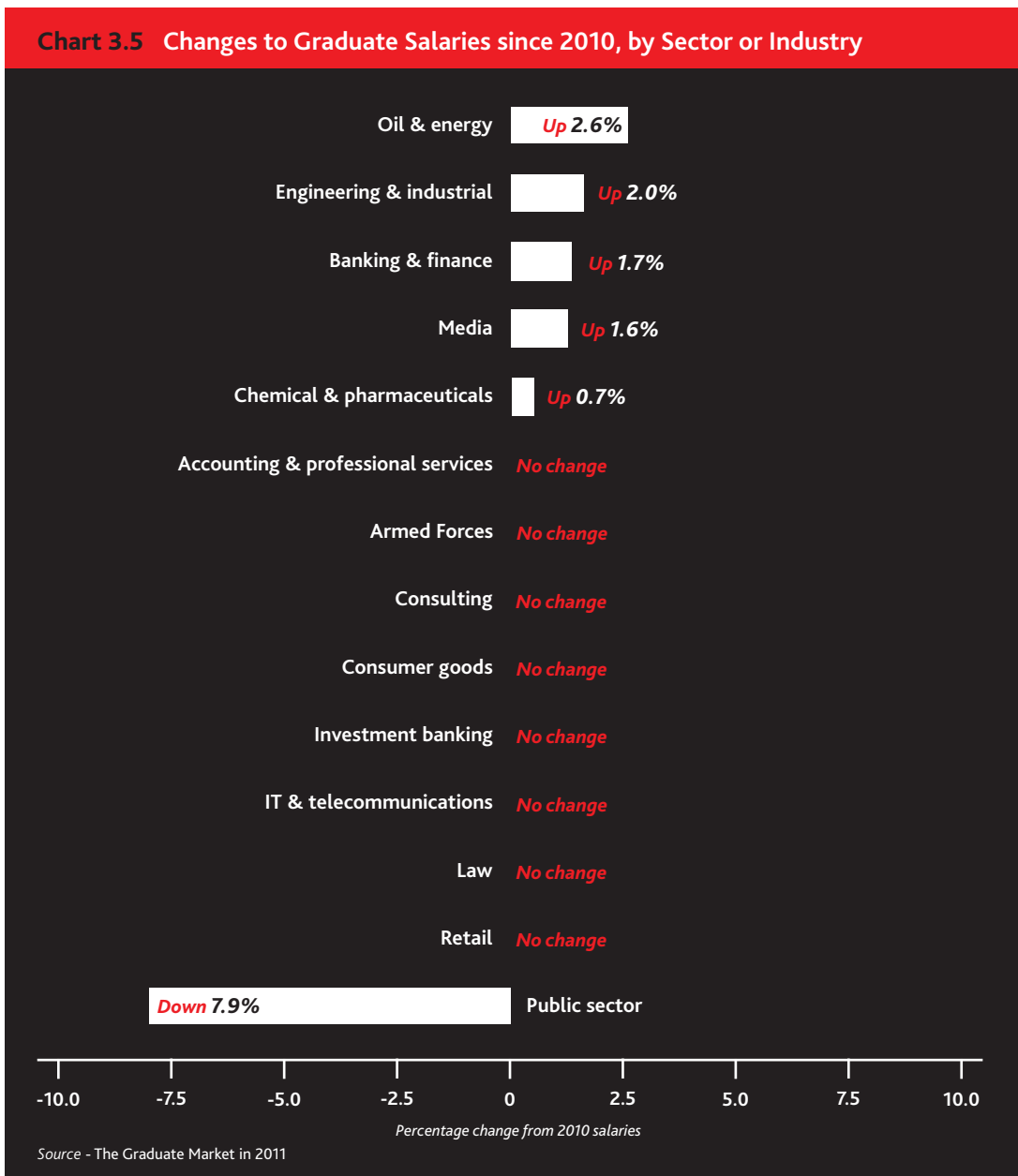
Source - The Graduate Market in 2011

By comparison, graduate starting salaries at accounting & professional services firms, the major retailers and engineering & industrial companies have risen by little more than 5% over the last five years – well below the increase in the cost-of-living during this period.

The impact of these changes is that over time the distribution of graduate starting salaries has become a little more even. Six different 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 two leading retailers and one well-known media organisation, it is clear that increasingly generous remuneration is available beyond the City banks and legal firms.

Despite this, there remains a wide disparity between individual employers featured within the research – the very top starting salaries on offer to graduates in 2011 are still more than double the lowest paying packages.

Chart 3.5 Changes to Graduate Salaries since 2010, by Sector or Industry



Summary

- **Starting salaries** at the UK's leading graduate employers in 2011 are expected to remain **unchanged from 2010 levels** – a median of **£29,000**. Salaries increased by 7.4% in 2010 and 5.9% in 2009.
- A quarter of top graduate programmes will pay new recruits more than **£30,000** when they start work and seven 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 £42,000), **law firms** (average of £38,000) and **oil & energy companies** (average of £32,000).
- **Public sector employers** (average of £22,200), **retailers** (average of £24,000) and **engineering & industrial companies** (average of £24,500) have the lowest graduate pay rates for 2011.

Chapter 4

Graduate Recruitment in 2010-2011

Promoting Graduate Programmes

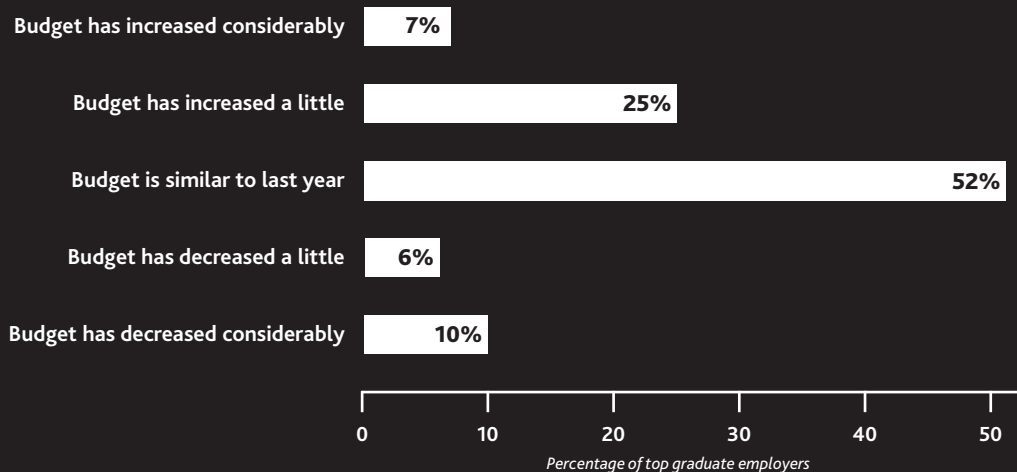
The next part of the research examines leading employers' views on and experiences of the 2010-2011 graduate recruitment round – from the universities they targeted during their graduate recruitment to the volume and quality of job applications received.

The recession clearly had a significant impact on the resources 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'. Recruiters faced with smaller budgets in 2009-2010 made a variety of changes to their marketing strategies – reprinting their graduate recruitment brochures rather than commissioning new editions, reducing their advertising and online promotions, or reducing the free gifts given away at careers fairs or other campus events.

Twelve months on, the picture is considerably brighter. A third of employers have increased their graduate recruitment budgets for 2010-2011, with seven organisations describing the additional funds as a 'considerable increase' on their previous recruitment budget. Over half of recruiters have similar funds to the 2009-2010 graduate recruitment round but one in six organisations has cut its graduate recruitment spending.

Employers who have seen cuts in spending include several public sector recruiters, a number of engineering & industrial companies, two employers from the oil & energy sector and one of the accountancy & professional services firms.

Chart 4.1 Employers' Graduate Recruitment Budgets for 2010-11



Source - The Graduate Market in 2011

Employers' On-Campus Recruitment Promotions

The top five universities targeted by the largest number of leading employers during the 2010-2011 recruitment round are Cambridge, Warwick, Manchester, London (which for this analysis refers to Imperial College, the London School of Economics and the University of London) and Oxford (see *Table 4.2*). This is the first time that Cambridge has been ranked ahead of Manchester, the most-targeted university for the last five years. These universities have attracted the largest number of top employers for campus careers fairs, local presentations or other university recruitment promotions. Other popular institutions with employers include Nottingham, Bristol, Bath, Durham and Leeds.

It is intriguing to compare this list with the rankings from the latest edition of *The Times Good University Guide 2011* – the 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 with the London School of Economics, University College London and Imperial College London in 3rd, 5th and 7th places respectively. But Manchester, rated fourth by employers, fails to even make the top twenty in the guide and is ranked in 30th place. Neither St Andrews or Lancaster – which are ranked fourth and tenth respectively in *The Times Good University Guide 2011* – appear within the top twenty universities most-targeted by the UK's leading employers.

Whilst many employers were forced to make cuts to their graduate recruitment campaigns in 2009 and 2010, most recruiters continued to invest in local university events. There is some evidence that the style and content of events has changed over the last three years and that some recruiters have moved away from conventional 'set piece' corporate presentations in favour of more interactive training sessions, business games or networking events.

The purpose of these events remains to provide face-to-face contact between recent graduates, recruiters and student job hunters, but without much of the standard promotional information which student job hunters are likely to have researched elsewhere. Skills training events – helping students improve their performance during the recruitment process – have been particularly successful for a number of employers this year.

Table 4.2 Universities Targeted by the Largest Number of Top Employers in 2010-2011

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

Source - The Graduate Market in 2011

Graduate Applications Received in 2010-2011

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 2010-2011 graduate recruitment round, compared with the same period a year ago.

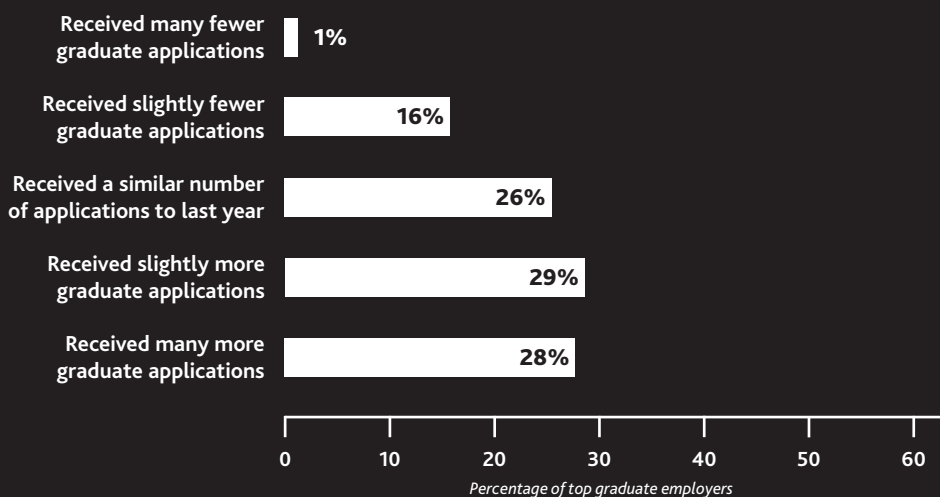
More than half of the UK's top recruiters reported greater application numbers and a quarter of employers said they had received 'many more' applications than last year (see *Chart 4.3*). A quarter of employers said they'd had a similar level of applications and just one in six recruiters had attracted fewer applicants. Given that the summer update to *The Graduate Market in 2010*, published in July 2010, reported that recruiters received an average of 45 applications per graduate vacancy during the 2009-2010 recruitment season, this latest research suggests that the application rate for 2011 vacancies could be even higher.

There appears to be no particular pattern to the organisations that have received fewer applications this year – they include one accounting & professional services firm, a retailer, one high street bank, two investment banks, three public sector employers and four industrial companies. Several of these recruiters commented that although the volume of applications had decreased, the quality of candidates had improved. Others commented that due to record application levels last year, they had raised their entry requirements to discourage the least suitable candidates from applying.

Employers that reported the biggest increases in applications include several well-known retailers, two IT & telecommunications companies, three of the 'Big Four' accounting & professional services firms, three leading law firms and a media company. One of the leading accounting firms confirmed that they had received more than double the number of graduate applications in the early months of the 2010-2011 recruitment round, compared with last year.

Several organisations explained 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.

Chart 4.3 Graduate Applications Received by Employers in 2010-2011



Source - The Graduate Market in 2011

Summary

- More than **four-fifths** of top employers have **maintained or increased** their graduate recruitment budgets for the 2010-2011 recruitment round and just one in ten organisations has **decreased** their spending considerably this year.
- The majority of employers have been actively marketing their 2011 graduate vacancies at between **10** and **20** universities in the UK, using a variety of university **careers fairs**, campus **recruitment presentations** and local **advertising**.
- The five universities most-often targeted by Britain's top graduate employers in 2010-2011 are **Cambridge, Warwick, Manchester, London** (including Imperial College, University College and the London School of Economics) 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.

Chapter 5

Work Experience at Graduate Employers

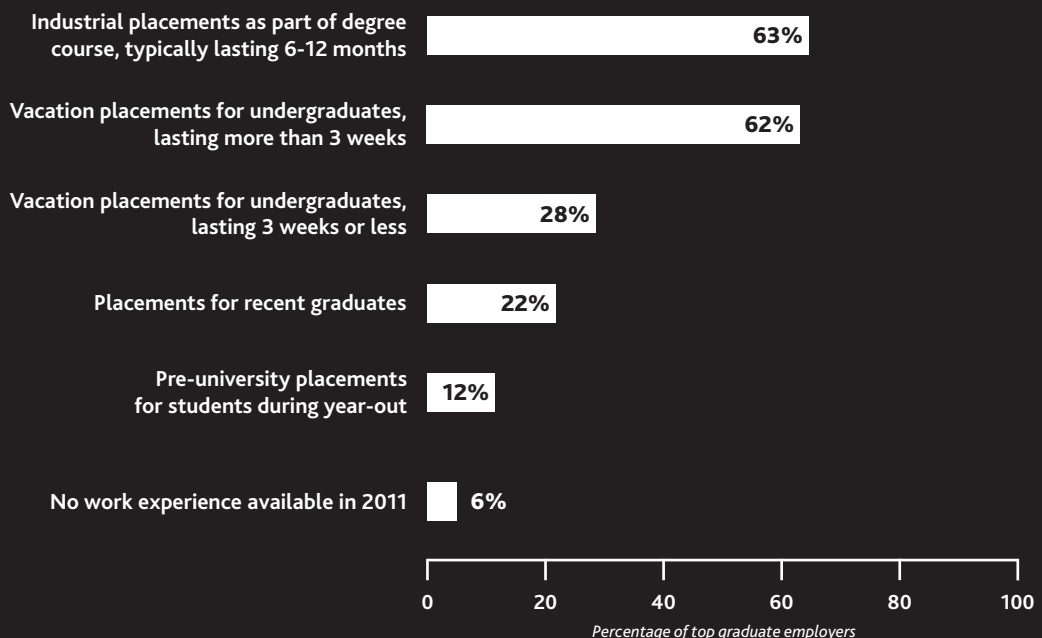
Types of Work Experience on Offer in 2010-2011

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

More than three-fifths of top graduate employers are providing industrial placements for undergraduates during 2010-11 (see *Chart 5.1*). These are typically organised as part of university degree courses (often described as 'sandwich' courses) and usually 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.

A similar number of employers offer placements to students during the university vacations, lasting more than three weeks. 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 quarter of employers offer shorter vacation experiences, lasting three weeks or less and a fifth of organisations provide placements for recent graduates. Just six organisations aren't offering any work experience in 2010-2011.

Chart 5.1 Work Experience on Offer from the UK's Top Employers in 2010-2011



Source - The Graduate Market in 2011

Availability & Value of Work Experience

Together the graduate employers featured in the research are offering over 10,000 work experience placements for students and recent graduates in 2010-2011 (see *Table 5.2*), an increase of more than 10% compared with 2009-2010.

The largest number of placements are at the investment banks which this year have more than 3,200 internships and other experiences available. It is interesting 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 retailers and public sector employers have a particularly low ratio of work placements to graduate jobs, making it hard for students interested in these areas to get experience before they apply for graduate roles.

Recruiters were questioned about the value of work experience when it comes to assessing students' applications for graduate roles with their organisations. Three-fifths of employers 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*). Many recruiters commented that irrespective 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.

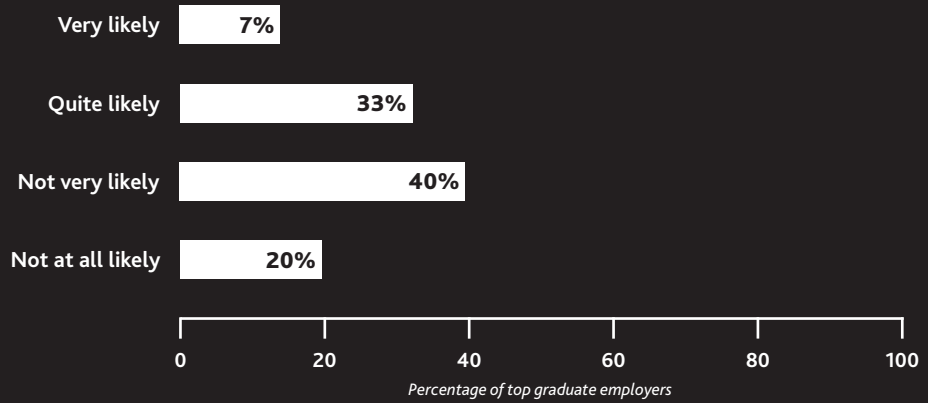
Across all the employers featured in the research, an estimated 32% of this year's graduate vacancies will be filled by applicants who have already worked for the employer as an undergraduate and in some sectors the proportion increases to 50% or more (see *Chart 5.4*).

Table 5.2 Analysis of Work Experience Places in 2010-11, by Industry or Business Sector

Industry or Business Sector	Total work experience places available in 2009-2010	Total work experience places available in 2010-2011	% change in places between 2010 & 2011	Ratio of work experience places to graduate vacancies in 2011
Accounting & professional services	1,107	1,278	15.4	31:100
Banking & finance	693	850	22.7	60:100
Consulting	110	180	63.6	30:100
Consumer goods	146	201	37.7	64:100
Engineering & industrial	525	549	4.6	53:100
Investment banking	2,864	3,220	12.4	121:100
IT & telecommunications	462	515	11.5	100:100
Law	775	825	6.5	102:100
Media	141	141	0.0	28:100
Oil & energy	391	389	-0.5	57:100
Public sector	331	333	0.6	18:100
Retailing	185	254	37.3	21:100
ALL SECTORS	9,640	10,665	10.6	61:100

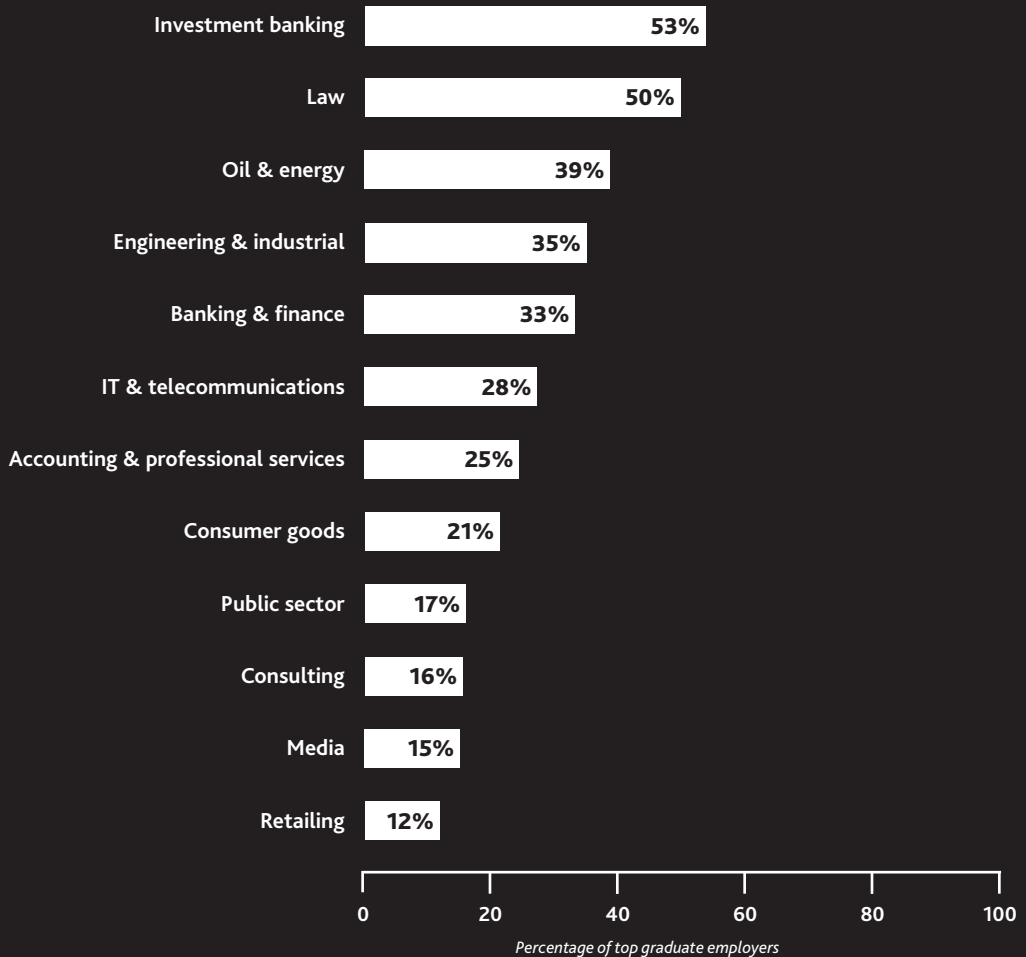
Source - The Graduate Market in 2011

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



Source - The Graduate Market in 2011

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



Source - The Graduate Market in 2011

Summary

- Almost all of the UK's leading graduate employers are offering work experience programmes for students and recent graduates during the 2010-2011 academic year – a total of **10,665 places** are available.
- **Three-fifths** of employers are providing **industrial placements** for undergraduates (typically for 6-12 months) or **vacation work** lasting more than three weeks.
- Nearly **two-thirds 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.
- At least **half the graduate vacancies** advertised this year by City **investment banks** and the leading **law firms** are likely to be filled by graduates who have already completed work experience with the employer.