

The Graduate Market in 2009

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 **Tim Wise**, Research Director on 020 7428 9000 or email tim.wise@highfliers.co.uk*

Foreword

Executive Summary

The Graduate Market in 2009 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 2008:

- The UK's leading graduate employers have **reduced** their recruitment targets for 2009 by **17%** since the latest graduate recruitment round began in September 2008.
- Graduate recruitment at the UK's top employers **did not increase by 11.8%** in 2008 as recruiters had expected during the 2007-2008 recruitment season. Instead vacancies **fell by 6.7%** compared with graduate recruitment in 2007.
- More than half of employers **reduced** their 2008 recruitment targets in response to the worsening economic crisis. **Investment banks** and other **financial employers** were the hardest hit and **cut more than 2,500 entry-level positions** from their recruitment targets last year.
- The largest recruiters of graduates in 2008 were the **accountancy & professional services firms** – which together hired over 3,700 trainees to start work in 2008.
- Although graduate recruiters published optimistic vacancy targets for 2009 at the start of September 2008, recruitment numbers have already been **revised sharply downwards**. Employers now expect to hire almost **3,400 fewer graduates** in 2009 than they planned to at the start of the recruitment season.
- **Investment banks** have again **reduced their intakes significantly** and there has been a further **cut of 8.8%** in the number of graduate vacancies available at the leading **accounting & professional services firms**.
- The sectors preparing to recruit the most graduates in 2009 are **accountancy** (20.9% of total graduate jobs), the **public sector** (13.5% of total) and the **Armed Forces** (12.8% of total); the smallest graduate employers are those in chemicals & pharmaceuticals (0.6% of total) and consumer goods (1.2% of total).
- Employers in just two areas – the **public sector** and the **Armed Forces** – stepped up their graduate vacancies in both 2008 and 2009. As a result there are now 51% more entry-level positions for graduates in the public sector and 17% more roles in the Armed Forces.
- During the two recruitment rounds in 2008 and 2009, the UK's leading employers have promoted over 40,000 graduate vacancies, of which **almost 7,000 have been cut or left unfilled**.
- Employers are **reasonably optimistic** about their graduate recruitment in 2010. A quarter expect to take on more new recruits next year and **half** expect to **maintain recruitment at 2009 levels**.

- Just **13% of employers** – largely in the investment banking and engineering & industrial sectors – believe their recruitment targets **will be cut further in 2010**.
- The sentiment from many employers is that they are determined to continue to recruit *some* graduates for entry-level positions, to provide an **uninterrupted supply** of future management talent for their organisations.
- **Starting salaries** at the UK's leading graduate employers are due to **rise by 5.9%** in 2009, taking average packages to **£27,000** – a £1,500 increase on average salaries paid to new graduates in 2008. Salaries rose by 4.1% in 2008.
- A quarter of top graduate programmes will now pay new recruits more than **£30,000** when they start work. The most generous salaries are those on offer from **investment banks** (average of £38,000), **law firms** (average of £37,400) and **management consulting firms** (average of £31,000).
- A **third** of top employers **cut** their graduate recruitment budgets for the 2008-2009 recruitment round, although a fifth of organisations have **increased** spending this year.
- The majority of employers have been actively marketing their 2009 graduate vacancies at between **15 and 20** universities in the UK, using a variety of university **careers fairs**, campus **recruitment presentations** and local **advertising**.
- More than half of recruiters reported a **greater interest from student job hunters** in their on-campus events and promotions this year.
- The three universities most-often targeted by Britain's top graduate employers in 2008-2009 are **Manchester, London and Warwick**.
- Two-thirds of employers said they had received more completed graduate job applications during the early part of the recruitment season than they had last year, but applications to investment banks and other City employers dropped significantly.
- Additional research with **1,017 final year university students** shows that job hunters are **very pessimistic** about their career prospects as the economic crisis worsens. More than **90% of finalists** think that employers will **cut their vacancies** this year and half of student job hunters have **little confidence** that they will find a graduate position.
- Two-thirds of finalists say that job hunting has been a **high priority** for them during their final year at university. A third admit that they should have begun looking for work **earlier**.
- In the current climate, three-quarters of students believe that in certain sectors, new **graduates risk losing their jobs** within the first 12 months of starting work. Half think that employers may **renege on job offers** they make to students this year.
- A significant number of students have been put off applying for jobs in **investment banking, property, retail and accountancy** due to the economic downturn and fewer students are keen to work for small or medium sized businesses this year. But a third of finalists say working in the public sector is now a more appealing prospect.
- Half of finalists believe they'll have to take **any job that they're offered**, a fifth say they've been forced to apply to employers that they **aren't really interested in** and many expect to begin work on a **lower salary** than they were hoping for.

Chapter 1

Introduction

Researching the Graduate Market

Welcome to **The Graduate Market in 2009** – 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 UK’s Top 100 Graduate Employers 2008* in a poll of more than 15,000 final year students to find “Which employer offers the best opportunities for graduates?”.



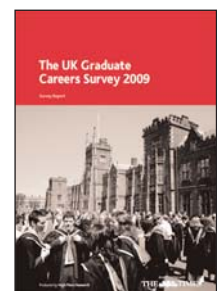
The research, conducted during **December 2008** by **High Fliers Research**, examines the number of graduate vacancies available at the UK’s leading employers in 2009, compared with recruitment levels in 2008. It highlights the differences between employers’ published recruitment targets and the number of graduates actually recruited by their organisations, as well as highlighting recent changes to vacancy patterns in the light of the economic downturn. The research also assesses recruiters’ experiences of the 2008-2009 graduate recruitment round and analyses the starting salaries that top employers are planning to pay new graduates in 2009.

The report also features the findings of exclusive new research with over 1,000 final year student job hunters from universities across the UK who were questioned about their views on the current graduate job market.

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 100 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 15,000 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.



Since 2002, 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 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.

The UK's Top 100 Graduate Employers

As part of the campus research for *The UK Graduate Careers Survey 2008*, 15,381 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 600 different organisations during the survey – the one hundred employers with the most student votes form **The UK's Top 100 Graduate Employers** for 2008.

It is these employers that are included in the research for *The Graduate Market in 2009* report:

<i>Accenture</i>	<i>Cancer Research UK</i>	<i>HBOS</i>	<i>npower</i>
<i>Addleshaw Goddard</i>	<i>Citi</i>	<i>Herbert Smith</i>	<i>Oliver Wyman</i>
<i>Airbus</i>	<i>Civil Service</i>	<i>HSBC</i>	<i>Oxfam</i>
<i>Aldi</i>	<i>Clifford Chance</i>	<i>IBM</i>	<i>Penguin Group</i>
<i>Allen & Overy</i>	<i>CMS Cameron McKenna</i>	<i>Innocent Drinks</i>	<i>Pfizer</i>
<i>Arcadia Group</i>	<i>Co-Op Group</i>	<i>J.P. Morgan</i>	<i>Police</i>
<i>Army</i>	<i>Corus</i>	<i>John Lewis</i>	<i>PricewaterhouseCoopers</i>
<i>Arup</i>	<i>Credit Suisse</i>	<i>KPMG</i>	<i>Procter & Gamble</i>
<i>ASDA</i>	<i>Data Connection</i>	<i>Lehman Brothers</i>	<i>QinetiQ</i>
<i>AstraZeneca</i>	<i>Deloitte</i>	<i>Linklaters</i>	<i>RAF</i>
<i>Atkins</i>	<i>Deutsche Bank</i>	<i>Lloyds TSB</i>	<i>Rolls-Royce</i>
<i>BAE Systems</i>	<i>DLA Piper</i>	<i>L'Oreal</i>	<i>RBS Group</i>
<i>Bain and Company</i>	<i>E.ON</i>	<i>Local Government NGDP</i>	<i>Royal Navy</i>
<i>Bank of America</i>	<i>Ernst & Young</i>	<i>Lovells</i>	<i>Sainsbury's</i>
<i>Barclays</i>	<i>Eversheds</i>	<i>Marks and Spencer</i>	<i>Shell</i>
<i>Barclays Capital</i>	<i>ExxonMobil</i>	<i>Mars</i>	<i>Sky</i>
<i>BBC</i>	<i>Faber Maunsell</i>	<i>McDonald's Restaurants</i>	<i>Slaughter and May</i>
<i>Bloomberg</i>	<i>Foreign Office</i>	<i>McKinsey & Company</i>	<i>Teach First</i>
<i>BNP Paribas</i>	<i>Freshfields Bruckhaus Deringer</i>	<i>Merrill Lynch</i>	<i>Tesco</i>
<i>Boots</i>	<i>Fujitsu Services</i>	<i>The Met Office</i>	<i>Thomson Reuters</i>
<i>Boston Consulting Group</i>	<i>GCHQ</i>	<i>MI5 – The Security Service</i>	<i>Transport for London</i>
<i>BP</i>	<i>GlaxoSmithKline</i>	<i>Microsoft</i>	<i>UBS</i>
<i>British Airways</i>	<i>Goldman Sachs</i>	<i>Ministry of Defence</i>	<i>Unilever</i>
<i>BT</i>	<i>Google</i>	<i>Morgan Stanley</i>	<i>Watson Wyatt</i>
<i>Cadbury</i>	<i>Grant Thornton</i>	<i>NHS</i>	<i>WPP</i>

Chapter 2

Graduate Vacancies

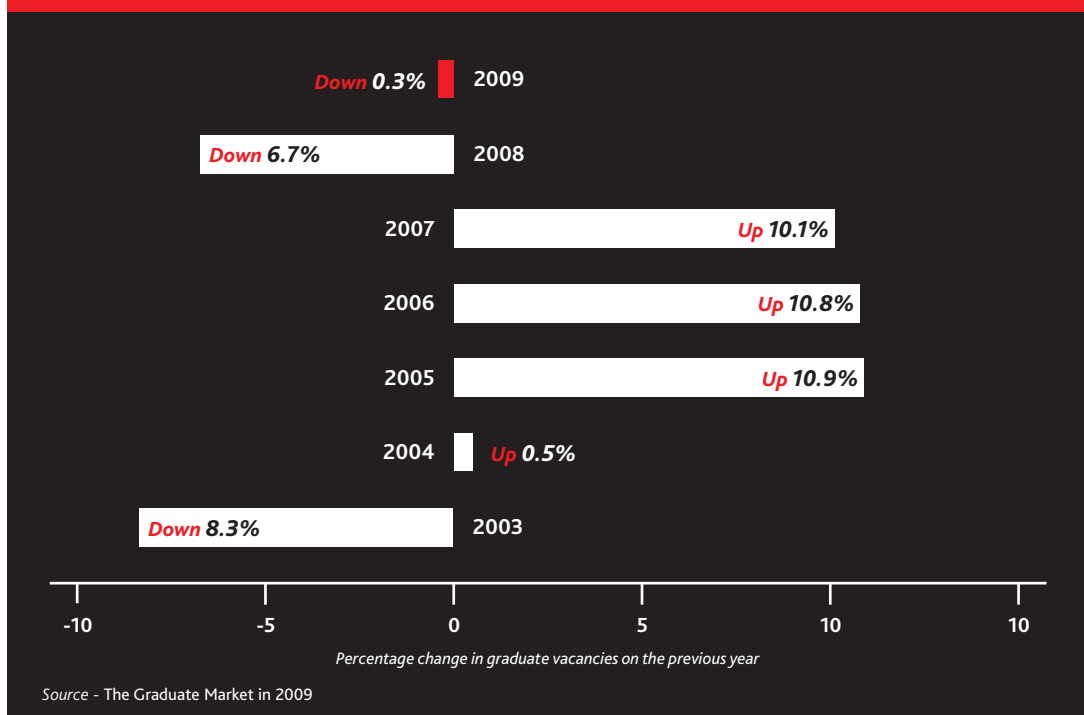
Job Vacancies for Graduates

The first part of the research examines the number of graduate vacancies available at the UK's leading employers in 2009, compared with recruitment levels in 2008. Graduate vacancies for 2009 are typically positions with an autumn 2009 start date, promoted during the 2008-2009 recruitment season.

A year ago, *The Graduate Market in 2008* – based on employers' published recruitment targets for 2007-8 – reported that graduate vacancies were expected to increase by 11.8% in 2008, the highest annual rise in for five years. But as the 'credit crunch' gathered pace during the course of 2008, it became clear that many of these targets were unrealistic and in December 2008, employers confirmed that instead of hiring record numbers of graduates, they had in fact cut vacancies by 6.7%, compared with their 2007 intake (see *Chart 2.1*).

At the start of the 2009 recruiting season in September 2008, employers published recruitment targets which were very similar to their *predicted* graduate vacancies for 2008 (ie. substantially higher than the real recruitment levels of 2008). A significant number of employers have since downgraded these 2009 vacancy targets to take account of the worsening economic crisis – and as a result graduate recruitment is expected to fall further in 2009, albeit by less than 1% compared with the numbers actually hired in 2008.

Chart 2.1 How Job Vacancies for Graduates have Changed between 2003 and 2009



Graduate Vacancies in 2008

In September 2007, the UK’s leading employers set ambitious graduate recruitment targets for 2008. Vacancies were to increase by 11.8% compared with those hired in 2007, taking graduate job numbers at these organisations to record levels. Together, employers predicted they would take on more than 20,000 new graduates in the autumn of 2008.

But as the 2007-2008 recruitment season unfolded, it is now evident that a substantial number of posts went unfilled and recruitment targets were quietly reduced at many leading employers. The outcome was that graduate recruitment in 2008 was reduced by more than 3,500 vacancies – taking recruitment to almost 7% below its 2007 level (see *Chart 2.2*). Not only had four years of growth in vacancies come to an end, but within the course of a single recruitment season, planned graduate targets had been reduced by more than a sixth.

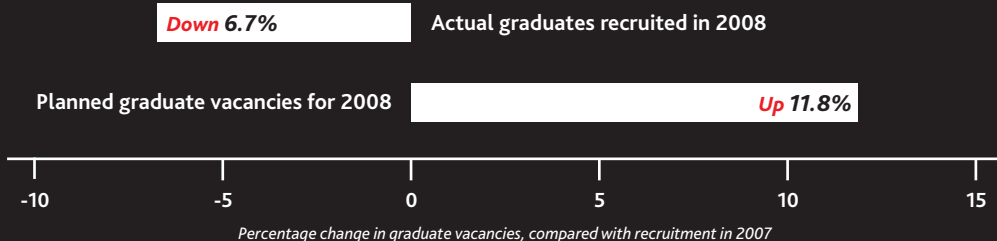
In all, fifty-five of the organisations featured in *The Times Top 100 Graduate Employers* elected to take on fewer graduates than planned in 2008 (see *Chart 2.3*). At half of these employers, vacancies were reduced by up to fifty entry-level positions, but at eight organisations graduate numbers were cut by between 200 and 400 positions. A quarter of employers hired the graduates they had expected to and a fifth of recruiters managed to exceed their original targets.

Looking at these changes in recruitment targets by sector, it is clear that many of the reductions occurred at well-known City & financial employers (see *Table 2.4*). Together the investment banks had intended to expand their graduate intake by around a third in 2008 but ended the year hiring 1,700 fewer new recruits than expected. The leading accountancy & professional services firms predicted they would have 4,350 trainee positions, a 6.1% increase on 2007 recruitment, but actually hired fewer than 3,800 – a drop of 7.6% compared with the previous year. High street banks and other financial institutions reduced their numbers by a further 161 jobs and there were 122 fewer consulting vacancies.

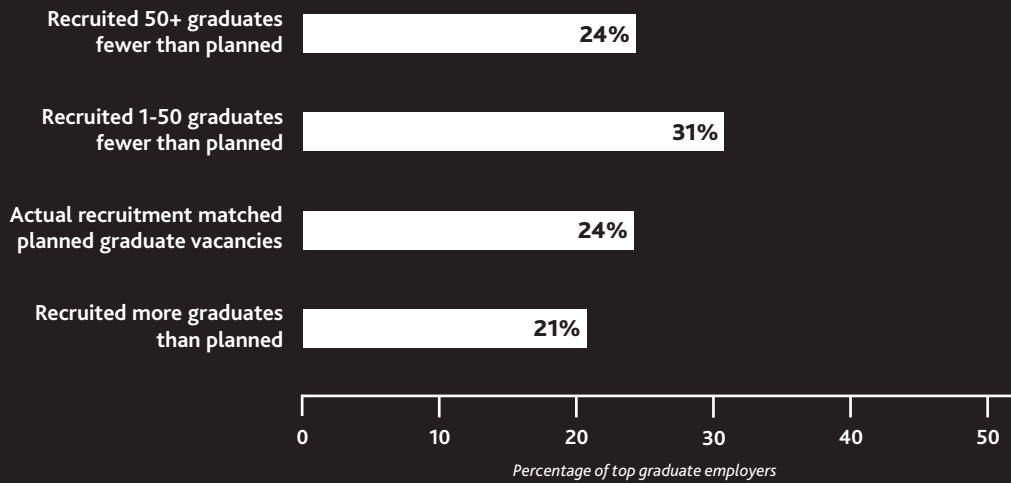
Elsewhere, targets in the retail sector fell by more than 300 vacancies and at least 600 entry-level jobs were cut by engineering & industrial, IT & telecoms, oil & energy and chemical & pharmaceuticals employers. Just two areas – the Armed Forces and the public sector – increased their intake during the 2008 recruitment season, electing to hire an additional 300 recruits.

These results show that despite employers’ initial optimism, the economic downturn had a profound effect on graduate recruitment in 2008, significantly reducing the number of vacancies at Britain’s most sought-after organisations.

Chart 2.2 Graduate Vacancies in 2008



Source - The Graduate Market in 2009

Chart 2.3 How Graduate Vacancies Changed during 2008

Source - The Graduate Market in 2009

Table 2.4 Analysis of Graduate Vacancies in 2008, by Industry or Business Sector

Industry or Business Sector	Planned graduate vacancies in 2008	% change from vacancies in 2007	Actual graduates recruited in 2008	% change from vacancies in 2007	% difference between planned and actual recruitment	Number of vacancies cut (added) in 2008
Accounting & professional services	4,350	6.1	3,787	-7.6	-12.9	563
Armed Forces	1,700	-5.6	1,890	5	11.2	(190)
Banking & finance	1,325	29.9	1,164	14.1	-12.2	161
Chemical & pharmaceuticals	115	4.5	87	-20.9	-24.3	28
Consulting	720	20	598	-0.3	-16.9	122
Consumer goods	286	36.2	200	-4.8	-30.1	86
Engineering	1,545	13.2	1,311	-4	-15.1	234
Investment banking	4,200	34.8	2,489	-20.1	-40.7	1711
IT & telecommunications	695	4.5	536	-19.4	-22.9	159
Law	1,050	1.9	1,020	-1	-2.9	30
Media	485	-29.2	311	-54.6	-35.9	174
Oil & energy	670	31.4	488	-4.3	-27.2	182
Public sector	1,720	16.6	1,828	23.9	6.3	(108)
Retailing	1,087	18.5	757	-17.4	-30.4	330
ALL SECTORS	20,163	11.8	16,614	-6.7	-17.6	3,549

Source - The Graduate Market in 2009

Expected Graduate Vacancies in 2009

At the start of the latest graduate recruitment season in early September 2008, Britain's top graduate employers published their vacancy targets for 2009. The news seemed fairly encouraging – graduate vacancy numbers were very similar to the targets that employers had produced the year before in 2008.

The impression was that whilst the unbroken run of five years growth in vacancies was over, the graduate job market had simply levelled-out and that the leading employers were set to again recruit near-record numbers of graduates in 2009. Employers predicted that during the 2008-2009 recruitment round they would hire 19,951 new recruits, a drop of just 1.0% on their intended recruitment in 2008.

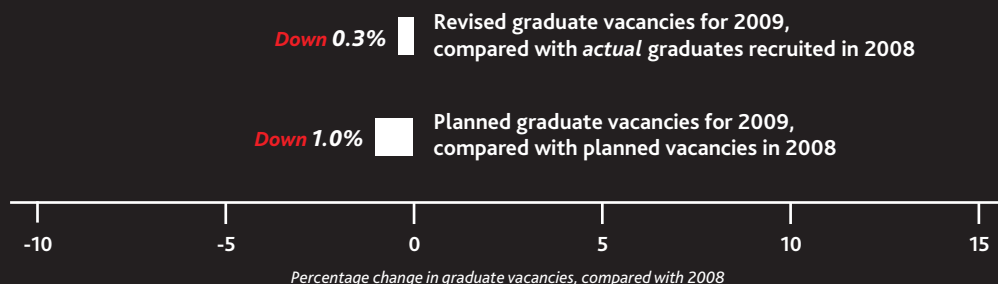
In fact, these aspirations for graduate vacancies 2009 have already proven to be very wide of the mark. In December 2008, employers not only confirmed that their 2008 graduate recruitment had been substantially lower than planned but that their targets for 2009 had been revised sharply downwards too. Together, employers now expect to hire round 16,500 graduates for start dates in the autumn of 2009, a total very close to the actual numbers recruited by employers in 2008 (see *Chart 2.5*).

A total of 48 employers from *The Times Top 100 Graduate Employers* have reduced their graduate vacancies for 2009 from the targets produced in September 2008. A third of these organisations have cut at least 100 positions and around half now expect to hire up to 50 fewer recruits in 2009. One in three recruiters intend to stand by their original targets and 18 organisations believe that they'll take on additional graduates this year.

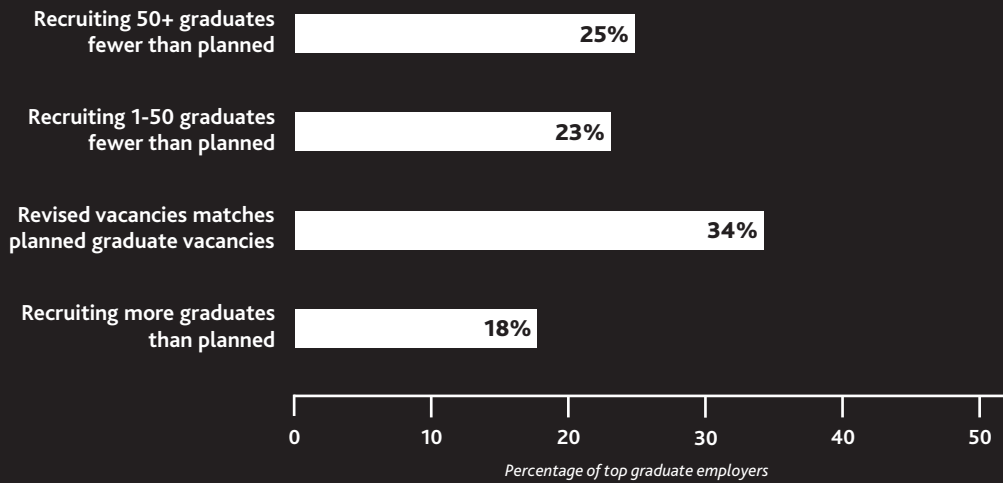
Once again, examining the data by career sector shows that the largest number of job cuts have been at the major City and financial employers (see *Table 2.7*). A further 1,700 entry-level positions have been lost at top investment banks – a fifth of this year's predicted total. The leading accountancy & professional services firms have reduced their recruitment by another 750 training places and there are 400 fewer jobs on offer in the engineering & industrial and IT & telecoms sectors. There is better news, though, from the Armed Forces and public sector – both expect to expand their graduate intakes this year.

This latest information confirms the dramatic change in the graduate job market, brought on by the deepening economic crisis. Taking the 2008 and 2009 recruitment years together, employers had intended to recruit a total of 40,114 graduates and yet almost 7,000 of these positions have been cut or left unfilled.

Chart 2.5 Graduate Vacancies in 2009



Source - The Graduate Market in 2009

Chart 2.6 How Graduate Vacancies have been Revised for 2009

Source - The Graduate Market in 2009

Table 2.7 Analysis of Graduate Vacancies in 2009, by Industry or Business Sector

Industry or Business Sector	Planned graduate vacancies in 2009	% change from planned vacancies in 2008	Revised graduate vacancies for 2009	% change from actual recruitment in 2008	% difference between planned & revised vacancies	Number of vacancies cut (added) for 2009
Accounting & professional services	4,200	-3.4	3,453	-8.8	-17.8	747
Armed Forces	1,900	11.8	2,114	11.9	11.3	(214)
Banking & finance	1,400	5.7	1,111	-4.6	-20.6	289
Chemical & pharmaceuticals	115	0.0	104	19.5	-9.6	11
Consulting	720	0.0	520	-13.0	-27.8	200
Consumer goods	188	-34.3	206	3.0	9.6	(18)
Engineering & industrial	1,605	3.9	1,341	2.3	-16.4	264
Investment banking	3,650	-13.1	1,923	-22.7	-47.3	1,727
IT & telecommunications	720	3.6	530	-1.1	-26.4	190
Law	1,060	1.0	1,001	-1.9	-5.6	59
Media	330	-32.0	456	46.6	38.2	(126)
Oil & energy	618	-7.8	520	6.6	-15.9	98
Public sector	2,093	21.7	2,233	22.2	6.7	(140)
Retailing	1,122	3.2	887	17.2	-20.9	235
ALL SECTORS	19,951	-1.0	16,559	-0.3	-17.0	3,392

Source - The Graduate Market in 2009

Location & Type of Graduate Vacancies in 2009

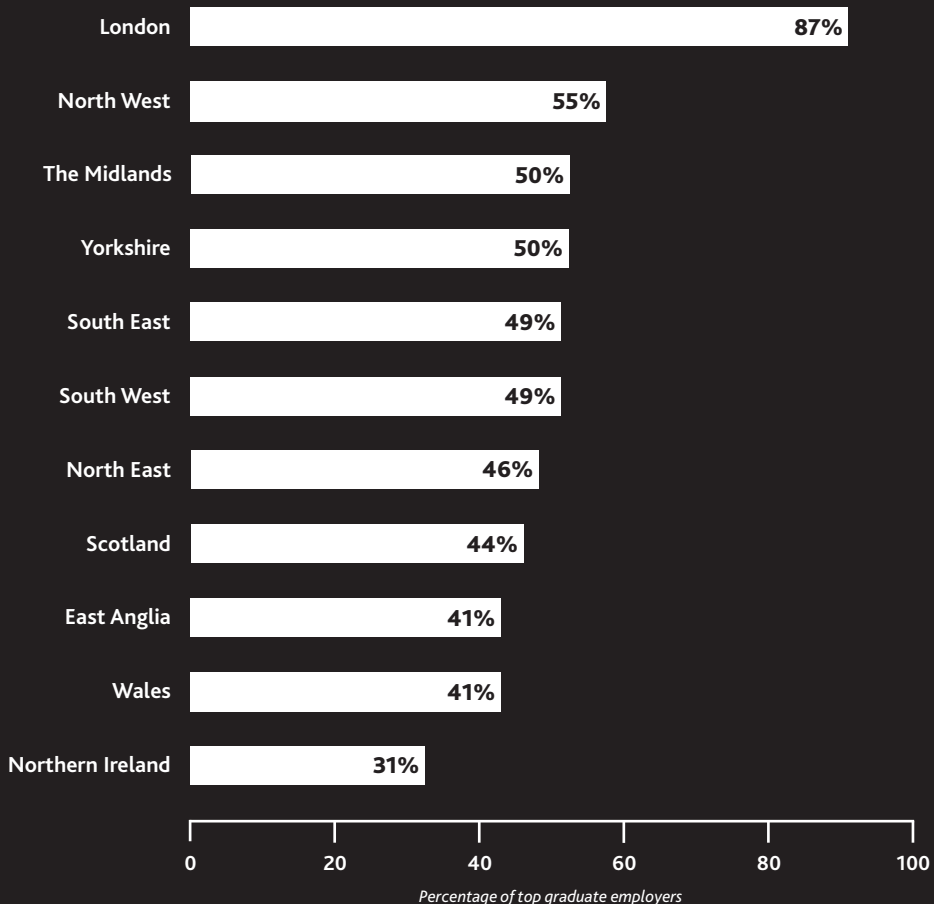
Examining where within the UK employers expect to employ graduates reveals that nine out of ten organisations are offering vacancies in London for 2009 and half plan to hire new recruits for positions in the south east of England (see *Chart 2.8*). Whilst this doesn't necessarily mean that the majority of graduate vacancies are actually in or around the M25, it does confirm that almost every major employer does have opportunities within the region.

The north west of England and the Midlands have the next highest numbers of employers recruiting graduates into the regions, followed by Yorkshire, the south west and north east of England. Of all the English regions, East Anglia is the least likely to yield graduate vacancies – 41% of employers have vacancies there in 2009.

A total of 44% and 41% of employers have jobs on offer in Scotland and Wales respectively and 31% 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 2009. The most common requirement is for finance and IT vacancies – over 60% of employers are set to recruit for these areas, irrespective of their organisation's main purpose (see *Chart 2.9*). Two-fifths of employers expect to have positions in human

Chart 2.8 Location of Graduate Vacancies at leading UK Employers in 2009

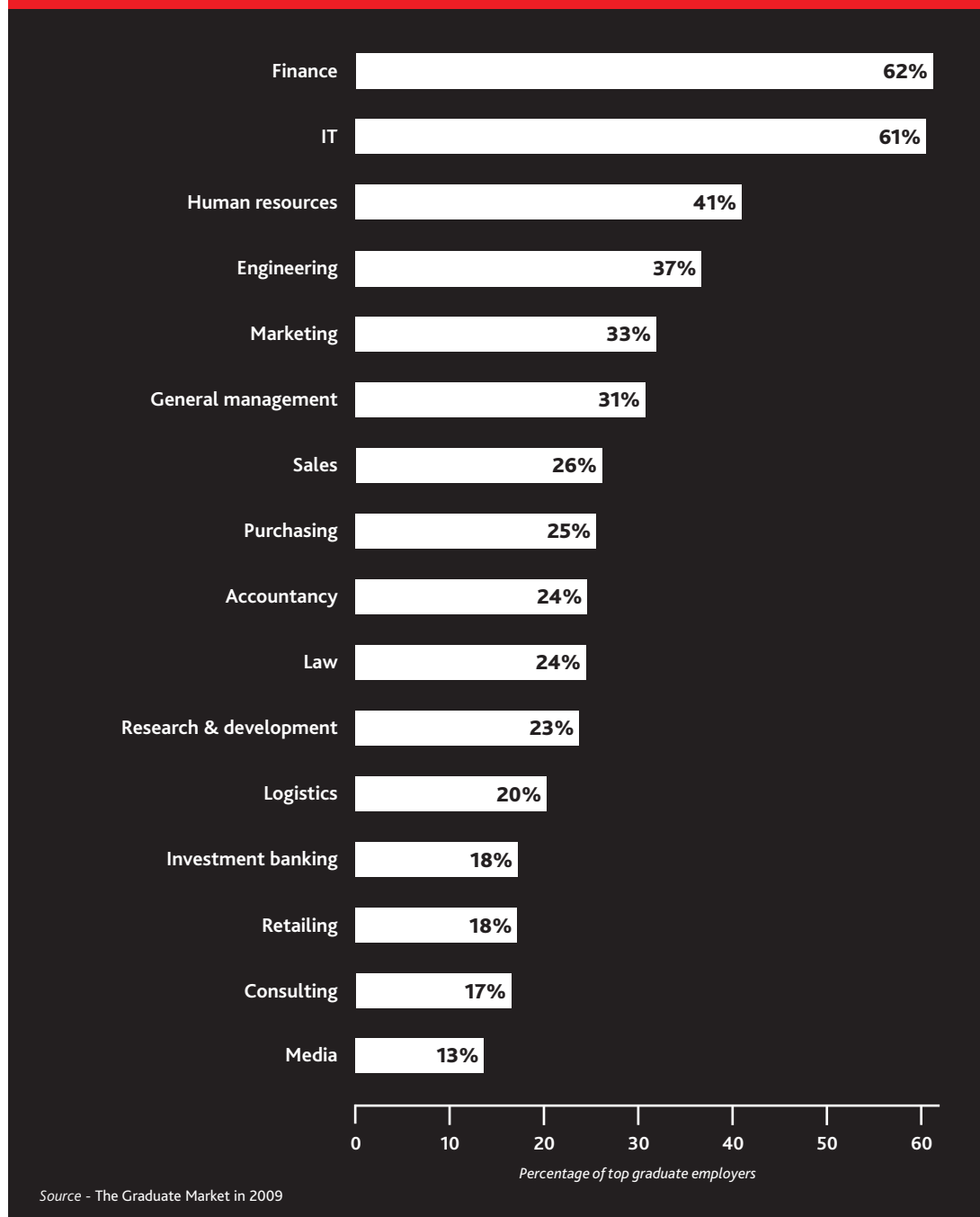


Source - The Graduate Market in 2009

resources, over a third offer vacancies in engineering, and similar numbers are recruiting for general management and sales jobs. Fewer than a fifth of employers are recruiting for consulting, investment banking and retailing roles and just 13% 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 2009



Changes in Graduate Vacancies since 2007

As this research has revealed that the number of graduates recruited by the UK’s leading employers was cut significantly in 2008, it makes sense to compare the revised recruitment targets for 2009 with the number of graduates hired in 2007, to see how vacancies have changed over the two-year period.

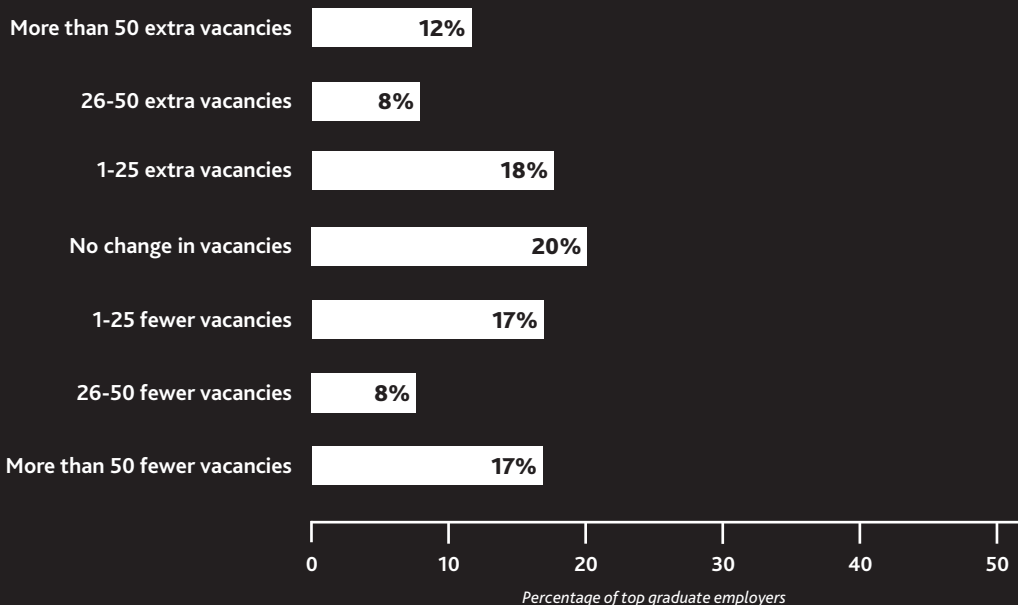
This analysis confirms that two-fifths of employers have lower graduate recruitment targets in 2009 than they did in 2007 (see *Chart 2.10*). A quarter of employers are set to hire up to 50 fewer graduates than two years ago and a sixth of organisations have reduced their intake by between 50 and 400 positions. The biggest individual cuts are at several of the investment banks and two of the ‘Big Four’ accounting firms.

On a more positive note, graduate recruitment at a fifth of employers remains unchanged from 2007 and over a third of organisations have increased their recruiting targets. Of these, most have added fewer than 50 extra graduate places but three public sector employers are together offering an additional 600 graduate vacancies this year, compared with the numbers hired in 2007. In the retail sector, four key employers are planning to take on additional 200 trainees between them in 2009.

Given that the total number of vacancies for graduates has dropped by more than 7% since 2007, it’s no surprise that vacancies have also decreased in many individual business areas and industries.

A total of ten different types of employer are expecting lower vacancy levels in 2009 – the worst hit being investment banks, media companies and IT & telecommunications firms (see *Chart 2.11*). Accountancy & professional services firms have seen vacancies fall by a sixth over the last two recruitment seasons and there have been smaller drops in consulting, chemicals & pharmaceuticals, retailing and law.

Chart 2.10 Changes to Graduate Vacancies at UK Employers since 2007

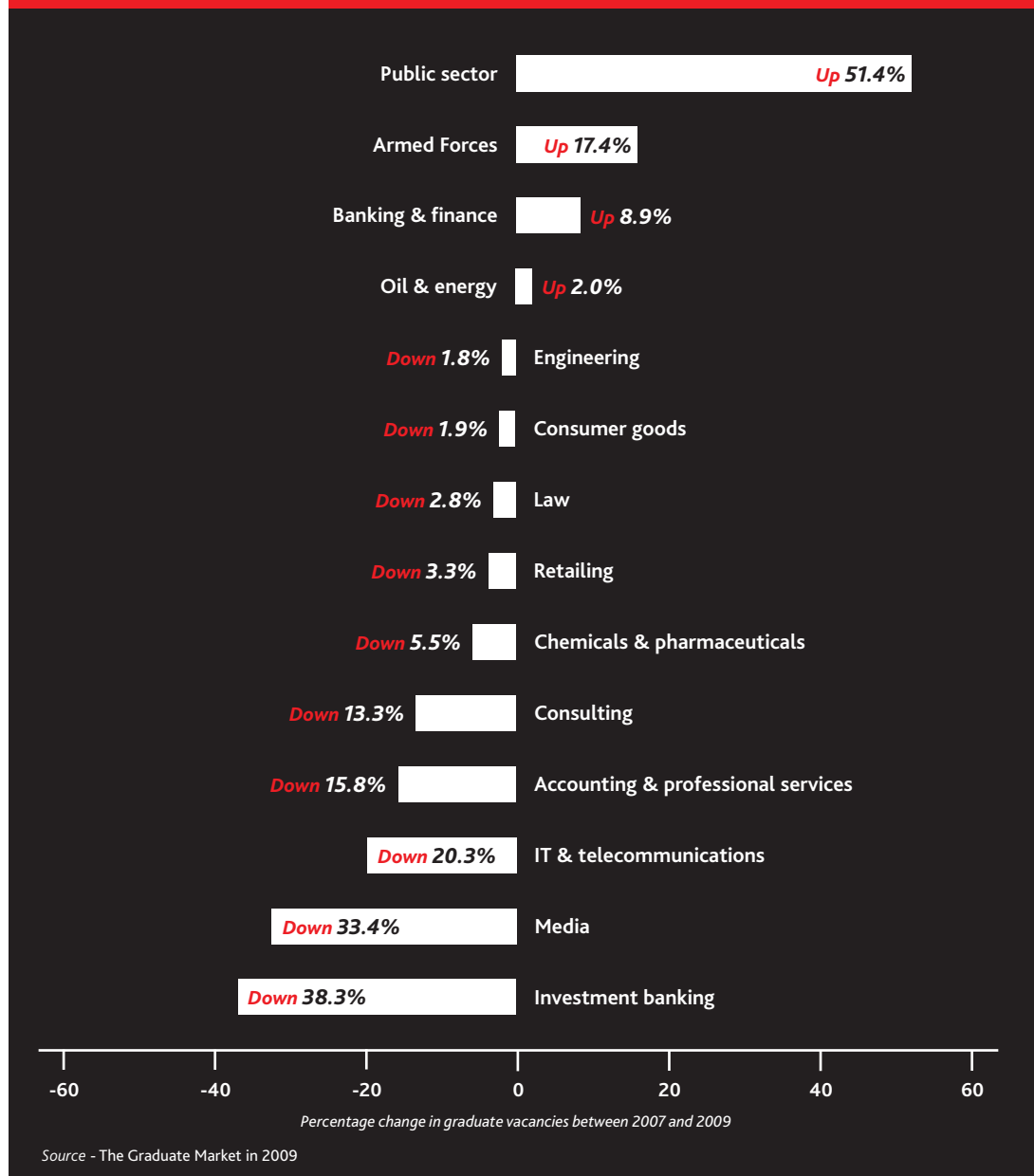


Source - The Graduate Market in 2009

Just four sectors are expecting to hire more graduates this year than they did in 2007. Oil & energy and banking & finance companies have registered a modest growth over the period, but the real gains are at the Armed Forces – where vacancies have risen by more than a sixth – and the public sector, which has seen graduate opportunities jump by more than 50% in the last two years.

The significant changes during the 2008 and 2009 graduate recruitment seasons mean that graduate vacancies have now returned to similar levels to those recorded in 2006. Whilst this may not be good news for those graduating from university this summer, the number of entry-level vacancies at the UK’s leading employers is still 25% higher than in 2003, the first recruitment round following the mini-recession of 2001-2002.

Chart 2.11 How Graduate Vacancies have Changed since 2007, by Sector or Industry



Summary

- Graduate recruitment at the UK's top employers **did not increase by 11.8%** in 2008 as recruiters had expected during the 2007-2008 recruitment season. Instead vacancies **fell by 6.7%** compared with graduate recruitment in 2007.
- More than half of employers **reduced** their 2008 recruitment targets in response to the worsening economic crisis. **Investment banks** and other **financial employers** were the hardest hit and **cut more than 2,500 entry-level positions** from their recruitment targets last year.
- The largest recruiters of graduates in 2008 were the **accountancy & professional services firms** which together hired over 3,700 trainees to start work in 2008.
- Although graduate recruiters published optimistic vacancy targets for 2009 at the start of September 2008, recruitment numbers have already been **revised sharply downwards**. Employers now expect to hire almost **3,400 fewer graduates** in 2009 than they planned to at the beginning of the recruitment season.
- **Investment banks** have again **reduced their intakes significantly** and there has been a further **cut of 8.8%** in the number of graduate vacancies available at the leading **accounting & professional services firms**.
- The sectors preparing to recruit the most graduates in 2009 are **accountancy** (20.9% of total graduate jobs), the **public sector** (13.5% of total) and the **Armed Forces** (12.8% of total); the smallest graduate employers are those in chemicals & pharmaceuticals (0.6% of total) and consumer goods (1.2% of total).
- Employers in just two areas – the **public sector** and the **Armed Forces** – stepped up their graduate vacancies in both 2008 and 2009. As a result there are now **51%** more entry-level positions for graduates in the public sector and **17%** more roles in the Armed Forces.
- During the two recruitment rounds in 2008 and 2009, the UK's leading employers have promoted over 40,000 graduate vacancies, of which **almost 7,000 have been cut or left unfilled**.

Chapter 3

Graduate Salaries

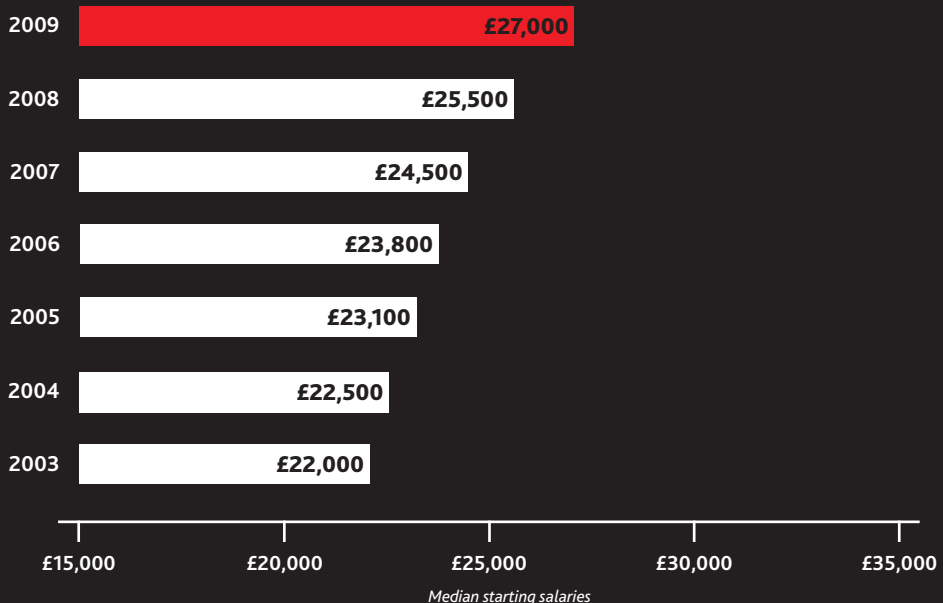
Starting Salaries for Graduates

The second part of the research examines the starting salaries that top employers are planning to pay new graduates who are due to begin work in 2009, compared with salaries paid to graduate recruits who joined their organisations in 2008. The salaries quoted are generally the average national salaries that have been promoted by employers during the 2007-2008 and 2008-2009 recruitment rounds. The figures do not include additional benefits such as relocation allowances, regional weighting, subsidised company facilities or bonus schemes.

Despite the reduced number of graduate vacancies at the UK's leading employers, starting salaries are set to increase by an impressive 5.9% to a median of £27,000 in 2009, the highest annual increase recorded during the last six years (see *Chart 3.1*). Whilst this may seem surprisingly generous given the state of the wider economy, it is worth remembering that at the time many employers set their 2009 starting salaries – in the summer of 2008 – annual inflation was running at between 4.3 and 5.2 per cent.

Between 2004 and 2007, salaries rose by between 2.3% and 3.0% – marginally higher than a cost-of-living rise each year – and by 4.1% in 2008. Interestingly in 2003, despite cuts in graduate vacancies, starting salaries actually increased by a higher rate, 4.5% year-on-year.

Chart 3.1 How Starting Salaries for Graduates have changed over the last 5 years



Source - The Graduate Market in 2009

Graduate Salaries in 2009

Although employers are offering a median starting salary of £27,000 for graduates starting work in 2009, the research shows that the salaries on offer from the UK’s leading employers this year does vary considerably from organisation to organisation.

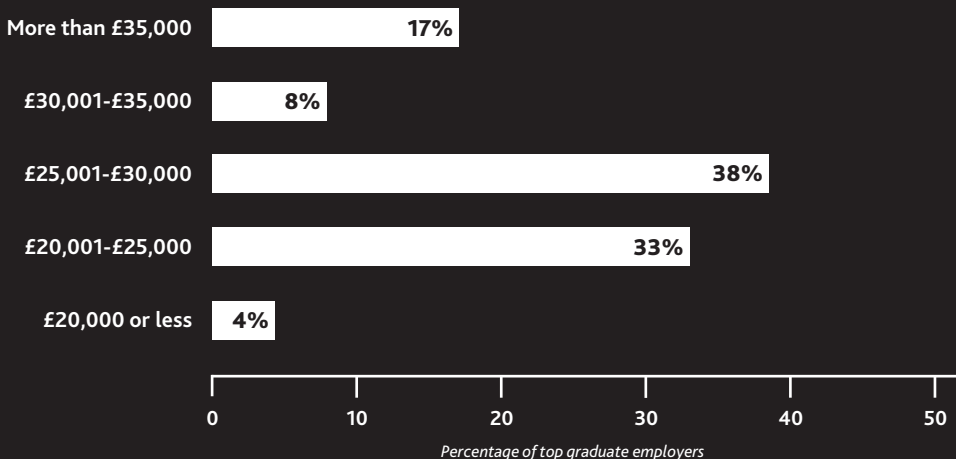
Only one major employer is offering a starting salary of less than £20,000 with a third of organisations paying between £20,000 and £25,000 to new recruits (see *Chart 3.2*). At the top of the market, a quarter of graduate programmes now pay more than £30,000 and one in six employers – chiefly from the legal and banking sectors – are expecting to pay starting salaries in excess of £35,000 this year. The highest salary publicly promoted for 2009 is £40,000 for the graduate development programme at Aldi, a scheme which also provides its new recruits with an Audi A4 car.

By sector, the highest-paying UK employers in 2009 are the investment banks and law firms. Whilst it should be noted that none of the investment banks featured within the research are prepared to officially declare their graduate starting salaries, most are thought to be offering basic pay of between £36,000 and £40,000 to new recruits this year (see *Chart 3.3*). In the legal sector, after two years of significant pay hikes, the median graduate starting salary for law trainees now stands at £37,400, an impressive 29% increase from the median of £29,000 recorded in 2006.

Two sectors – consulting and oil & energy – are offering median salaries of at least £30,000 in 2009 and the Armed Forces, consumer goods companies and banking & finance employers are set to pay salaries above the national median of £27,000. Interestingly, the median starting salary for accounting & professional services firms remains a little below this level, at £26,000 for 2009.

The lowest salaries are for those starting work with retailers, engineering or industrial companies and public sector employers – which each offer average starting salaries of between £22,500 and £25,300, up to £4,500 behind the national median salary. This is the fourth consecutive year that these three employment areas have appeared at the bottom of the graduate pay chart.

Chart 3.2 Graduate Starting Salaries at leading UK Employers in 2009

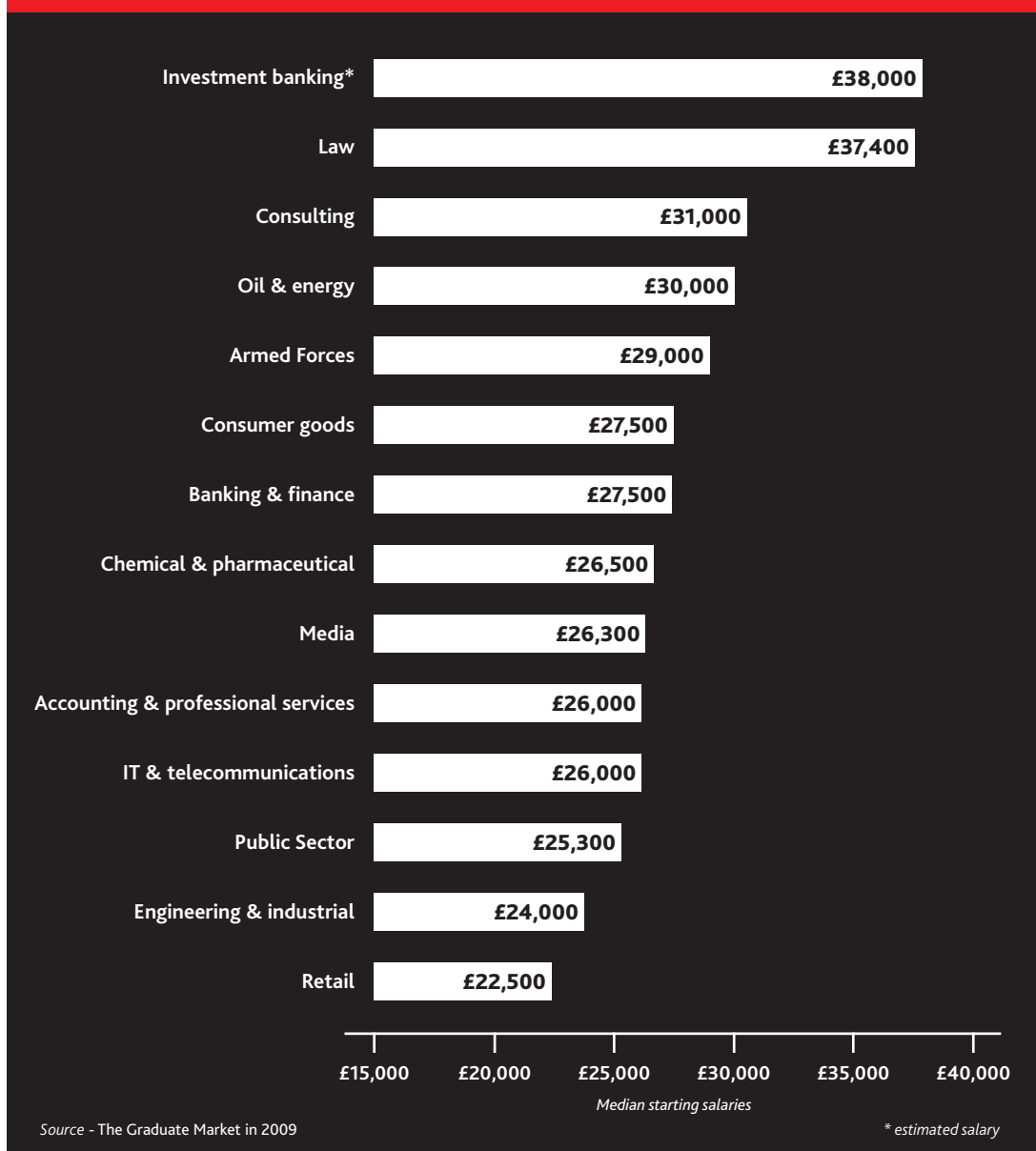


Source - The Graduate Market in 2009

It is worth remembering that starting salaries in some employment sectors may increase before graduates begin in autumn 2009. In particular, the 'Big Four' accountancy firms traditionally set their new salary scales during the summer months, just before the new intake start work. It is also possible, given the current economic climate, that a few employers may elect to downgrade their graduate packages later this year or freeze their starting salaries at 2008 levels.

Although none of the data for graduate remuneration in 2009 includes additional incentives such as relocation allowances, starting work bonuses, season ticket loans, company cars, pension schemes, performance-related bonuses, subsidised sports facilities or employee share allowances, these extra elements are often popular with new graduates and can add considerably to the appeal of an employer.

Chart 3.3 Graduate Salaries at UK Employers in 2009, by Sector or Industry



Changes to Graduate Salaries since 2008

The median graduate starting salary of £27,000 for 2009 is £1,500 more than the £25,500 median rates paid by top UK employers in 2008.

Looking at how salaries at individual organisations have changed, it is apparent that almost all of the employers included in the research have either maintained or increased their starting salaries for 2009. A fifth of employers are not proposing to change their initial graduate salaries, but 76% have implemented some form of rise (see *Chart 3.4*).

One in six organisations are planning to increase pay for new recruits by 5% or more, but the majority anticipate salary rises of between 2.5% and 5.0%. This means that two-thirds of the UK’s leading employers are increasing their graduate salaries by approximately the cost-of-living (as measured in the summer of 2008).

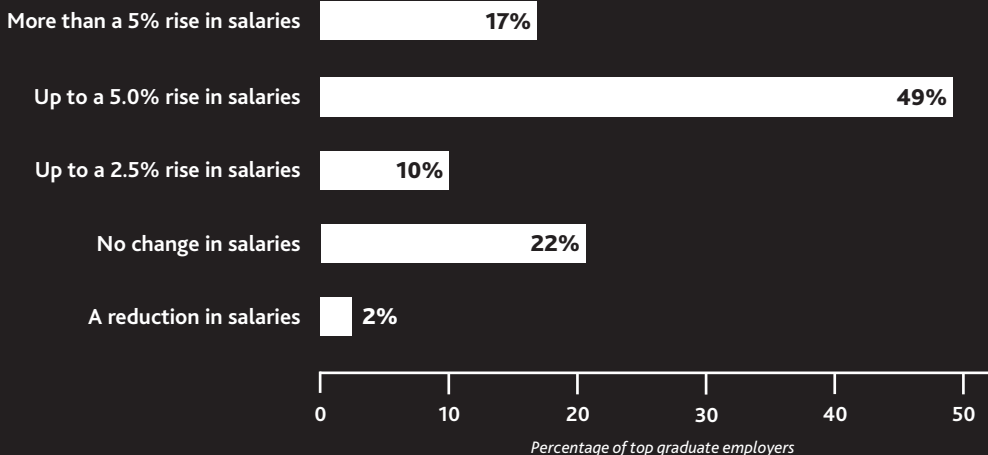
The overall rise in starting salaries in 2009 is reflected by higher salary levels within nine different industries and business sectors (see *Chart 3.5*). The most generous increases are at banking & finance employers, the Armed Forces and the public sector – each of which intends to pay new graduates a minimum of 5.0% more than in 2008. In four other sectors – engineering & industrial, accounting & professional services, IT & telecommunications and law – salaries will increase by around 4.0%. Lower increases apply at oil & energy companies and media firms.

Salaries at chemical & pharmaceutical companies, management consulting firms, consumer goods manufacturers, investment banks and retailers remain unchanged from 2008.

By comparing starting salaries in 2009 with those on offer in previous years, it is evident that pay rates over the last three years increased dramatically in several sectors. Law and public sector employers are now paying almost a fifth more than they did in 2007 whilst banking & finance firms and the Armed Forces have stepped up their graduate remuneration by a sixth over the same period.

Consulting firms, oil & energy and IT & telecoms companies have each increased their graduate packages by around 8% since the 2007 recruitment round.

Chart 3.4 Changes to Graduate Salaries at leading UK Employers since 2008

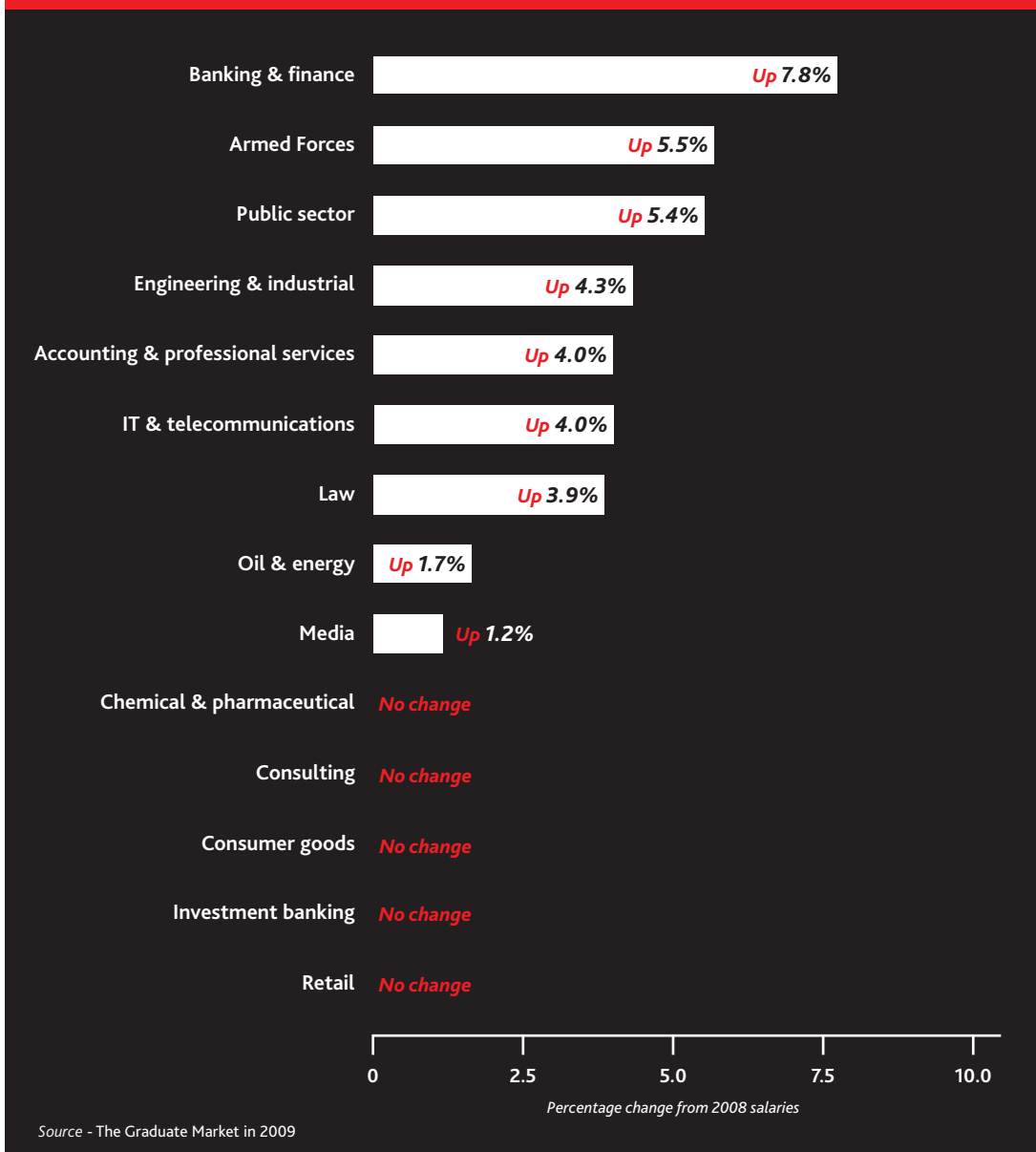


Source - The Graduate Market in 2009

By comparison, graduate starting salaries at the major retailers, engineering & industrial companies, and accounting & professional services firms have risen by little more than 4% over the last three years – below the increase in the cost-of-living during this period – and average pay at media and chemical & pharmaceutical companies is virtually unchanged from 2006 rates.

The net effect of these changes is that over time the distribution of starting salaries is becoming a little more even. Five years ago, the salaries paid by top investment banks, management consultants and law firms were up to £10,000 higher than other sectors, a margin which has been eroded somewhat during the last three recruitment rounds. Despite this, the very top starting salaries on offer to graduates in 2009 are still double the lowest-paying packages.

Chart 3.5 Changes to Graduate Salaries since 2008, by Sector or Industry



Summary

- **Starting salaries** at the UK's leading graduate employers are due to **rise by 5.9%** in 2009, taking average packages to **£27,000** – a £1,500 increase on average salaries paid to new graduates in 2008. Salaries rose by 4.1% in 2008.
- A quarter of top graduate programmes will now pay new recruits more than **£30,000** when they start work.
- The most generous salaries are those on offer from **investment banks** (average of £38,000), **law firms** (average of £37,400) and **consulting firms** (average of £31,000).
- **Retailers** (average of £22,500), **engineering & industrial** companies (average of £24,000) and **public sector** employers (average of £25,300) have the lowest graduate pay rates for 2009.

Chapter 4

Graduate Recruitment in 2008-2009

Promoting Graduate Programmes

The next part of the research examines leading employers' views on and experiences of the 2008-9 graduate recruitment round – from students' reactions to their on-campus promotions and the universities they targeted during their graduate recruitment, to the volume and quality of job applications received.

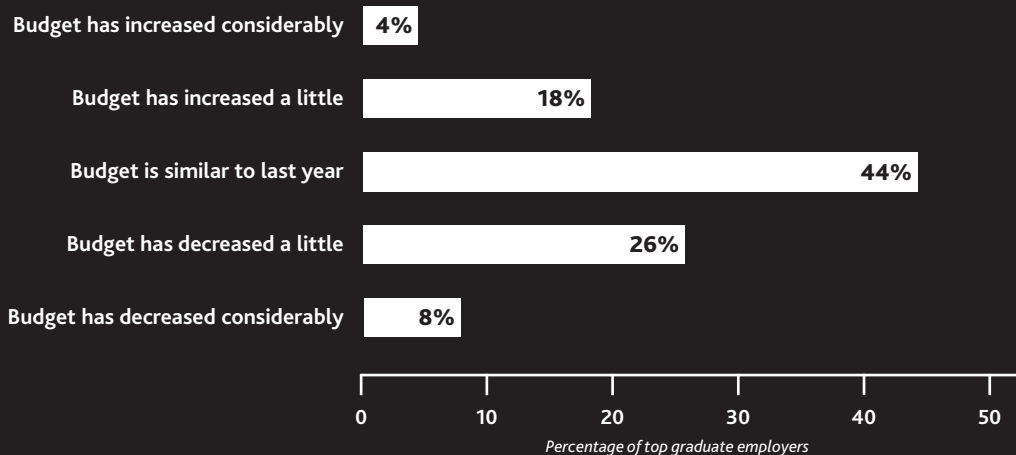
It is evident that the economic downturn has already had an impact on the resources available to graduate recruiters. One in three employers reported that their recruitment budgets had been cut in 2008-9, compared with the previous recruitment season, although just 8% of recruiters described the decrease as 'considerable' (see *Chart 4.1*).

Perhaps unsurprisingly, half of the investment banks included in the research said that they were spending less on graduate recruitment this year, but a significant number of law firms have also opted to reduce their budgets. Other employers whose spending has been cut include retailers, public sector organisations, IT & telecoms companies, accounting & professional services firms, engineering & industrial companies and oil & energy firms.

On a brighter note, nearly half of graduate recruiters at the UK's leading employers said that their budget was similar to last year and a fifth of employers have increased their spending on graduate recruitment for 2008-9.

Four organisations – from the public, engineering & industrial and legal sectors – said that their budgets had 'increased considerably', largely due to having higher numbers of graduate vacancies to fill in 2009.

Chart 4.1 Employers' Graduate Recruitment Budgets for 2008-9



Source - The Graduate Market in 2009

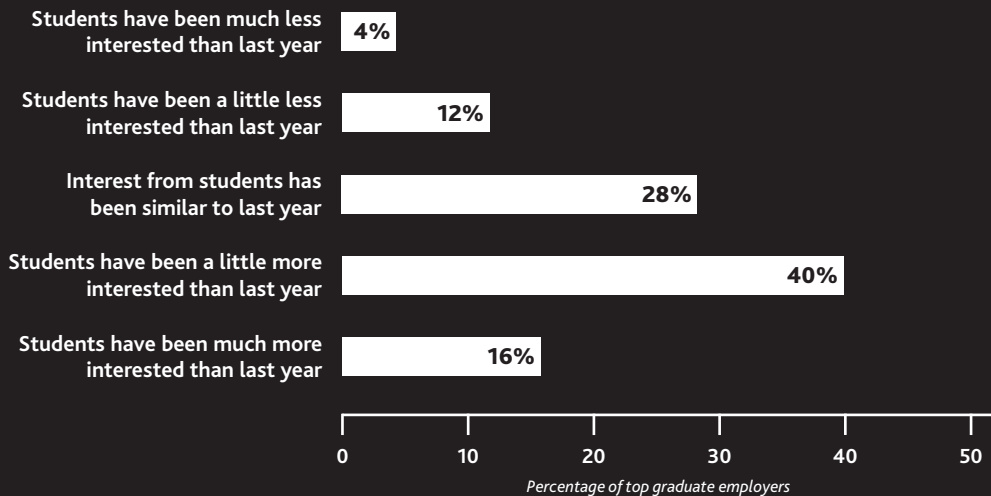
Employers' On-Campus Recruitment Promotions

The three universities targeted by the largest number of leading employers during the 2008-2009 recruitment round are Manchester, London and Warwick (see *Table 4.3*). Other popular institutions include Cambridge, Oxford, Bristol, Durham and Nottingham.

It is interesting to compare this list with the rankings from the latest edition of *The Times Good University Guide 2009*. In it, Oxford and Cambridge are ranked in 1st and 2nd place and St Andrews is rated among the top five universities but Manchester only appears in 27th place, Cardiff in 29th and Leeds in 31st place.

More than half of graduate recruiters said they had seen a greater level of interest from students at their on-campus promotions during the autumn of 2008 (see *Chart 4.2*), although one in six employers – mainly banks or consultants – reported lower turn-outs at their events.

Chart 4.2 Interest from Students at Employers' Campus Activities in 2008-2009



Source - The Graduate Market in 2009

Table 4.3 Universities Targeted by the Largest Number of top Employers in 2008-2009

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

Source - The Graduate Market in 2009

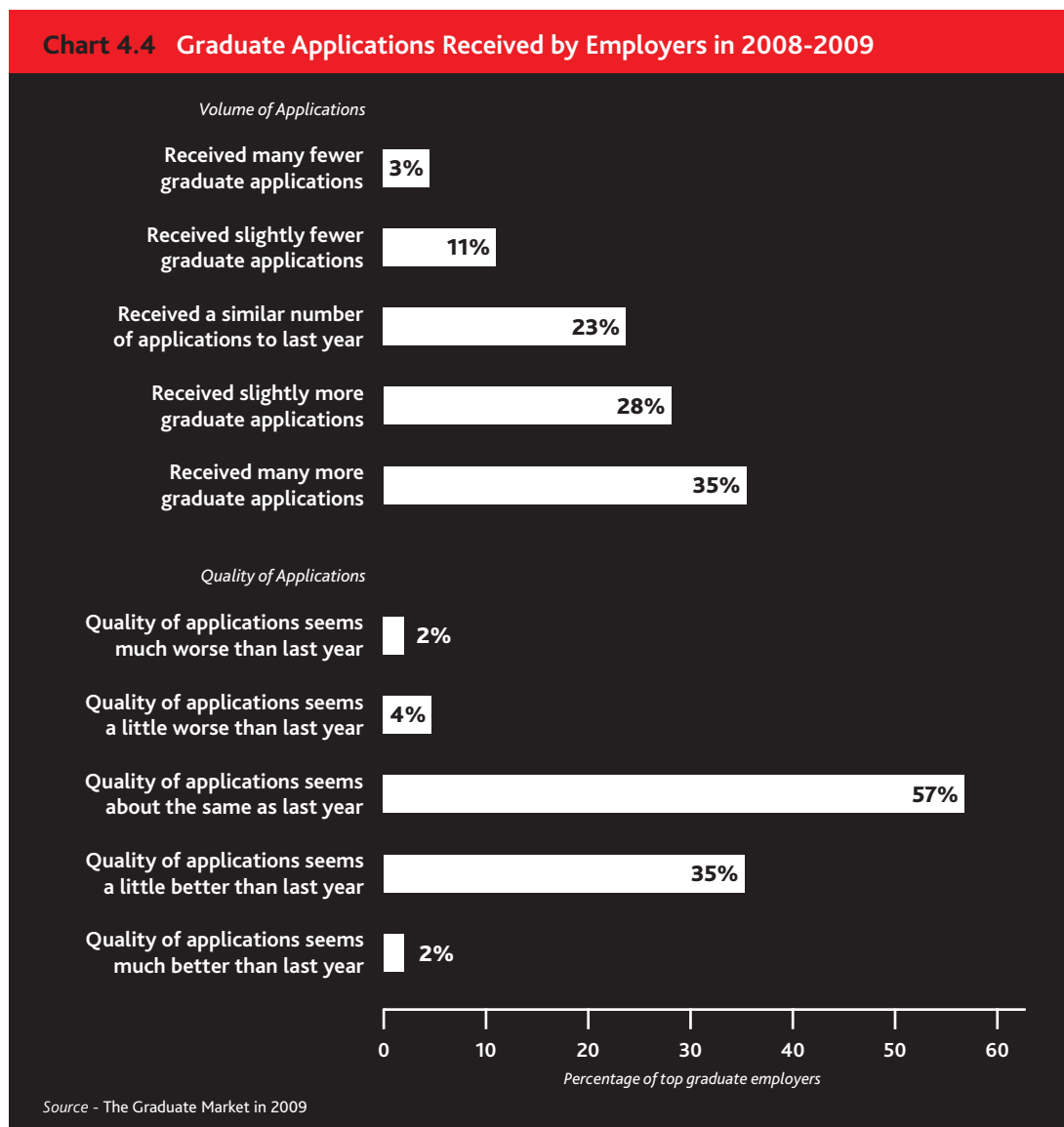
Graduate Applications Received in 2008-2009

It is clear from the research that many graduate recruiters have seen a significant increase in the number of graduate job applications in the early part of the 2008-2009 recruitment round, compared with the same period a year ago.

Nearly two-thirds of organisations reported greater application numbers and over half of these said they had received ‘many more’ applications than last year (see *Chart 4.4*). Four of the five accounting & professional services firms who participated in the research confirmed higher application levels, as did the most of the retail, public sector and IT & telecoms employers. More than half of the organisations who received fewer applications in 2008-9 were investment banks or other City employers, but two recruiters from the oil & energy sector had also seen a drop in applicants.

In terms of the quality of graduate applications, at least a third of employers believed that standards had improved this year, half thought the applications they’d received were about the same as last year and 6% feared they were worse than before.

Chart 4.4 Graduate Applications Received by Employers in 2008-2009



Summary

- A **third** of top employers **cut** their graduate recruitment budgets for the 2008-2009 recruitment round, although a fifth of organisations have **increased** their spending this year.
- The majority of employers have been actively marketing their 2009 graduate vacancies at between **15** and **20** universities in the UK, using a variety of university **careers fairs**, campus **recruitment presentations** and local **advertising**.
- More than half of recruiters reported a **greater interest from student job hunters** in their on-campus events and promotions this year.
- The three universities most-often targeted by Britain's top graduate employers in 2008-2009 are **Manchester**, **London** and **Warwick**.
- Two-thirds of employers said they had received **more completed graduate job applications** during the early part of the recruitment season than they had last year, but applications to **investment banks** and other **City employers** dropped significantly.

Chapter 5

The Class of 2009

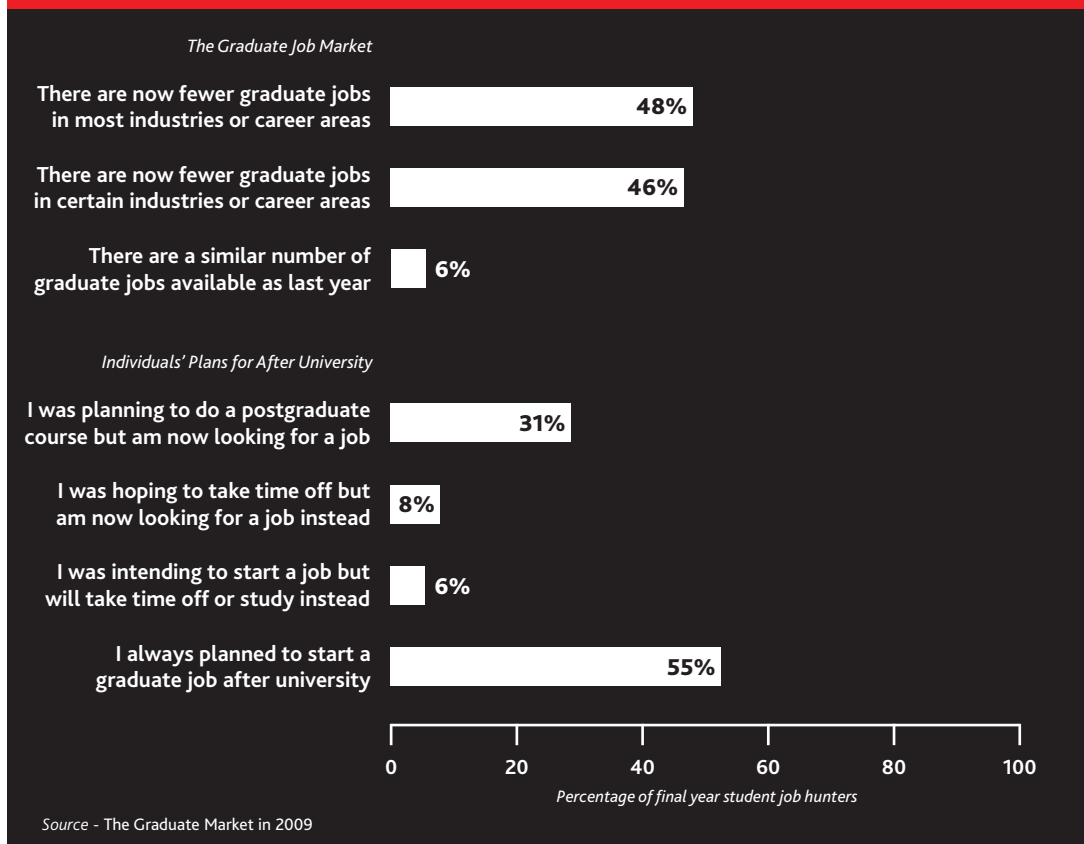
Students' Views on the Economic Crisis

In order to evaluate university students' reaction to the unfolding economic downturn and their views on the changing graduate job market, High Fliers Research conducted research with **1,017 final year students** from 30 leading universities during December 2008. All participants had been actively seeking a graduate job during the autumn of 2008 and took part in a short online questionnaire.

The results of the research show that virtually all of the students questioned feared that there would be fewer graduate vacancies this year as a result of the economic crisis (see *Chart 5.1*). They were divided, though, as to whether the reduction in job opportunities would be felt across most industries and business sectors or whether it would be restricted to just certain career destinations.

On a personal note, a third of finalists confirmed that they had originally planned to stay on at university to do a postgraduate course, but had recently decided to look for a job instead.

Chart 5.1 Students' Views on the Impact of the Economic Crisis



Finalists' Job Hunting during 2008-2009

Nearly half of final year students looking for a graduate job in 2009 said that they weren't confident of finding a suitable position before they left university and fewer than a sixth of job hunters classed themselves as 'very confident' about their employment prospects (see *Chart 5.2*).

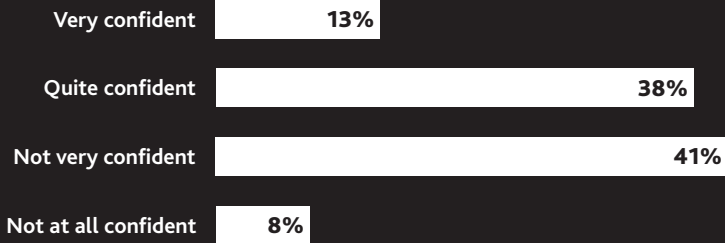
Given this downbeat assessment, it is perhaps surprising that more finalists haven't made job hunting a top priority during their last months at university. Only a fifth of students said that job hunting was a 'very high priority' for them during the autumn of 2008 and a third admitted that finding a graduate position was a low priority for them.

Almost all the student job hunters who took part in the research believe that competition for graduate jobs is now much tougher than it was last year (see *Chart 5.3*) and most think that many organisations are cutting back on their graduate recruitment at the moment. Three-quarters of finalists believe that in certain sectors, graduates risk losing their jobs within the first year of starting work and half fear that employers could renege on job offers this year. A similar number are concerned that organisations may cancel their recruitment altogether in 2009 and that starting salaries for new graduates are likely to be cut.

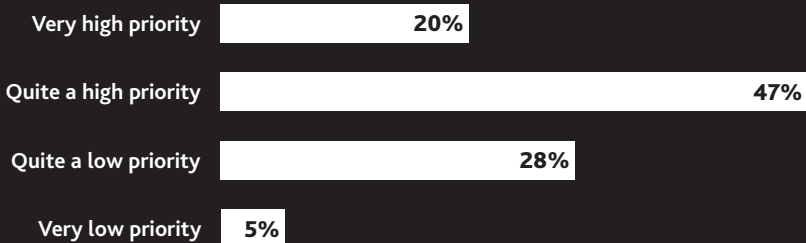
From a personal perspective, nearly half of job hunters think they'll have to take any graduate job they're offered and that they'll start work on a lower starting salary than they were hoping for. A quarter of finalists have been applying to employers who offer better job security and a fifth admit to applying to employers they're not really interested in.

Chart 5.2 Students' Job Hunting during 2008-2009

Confidence in Finding a Graduate Job



Job Hunting during Final Year at University

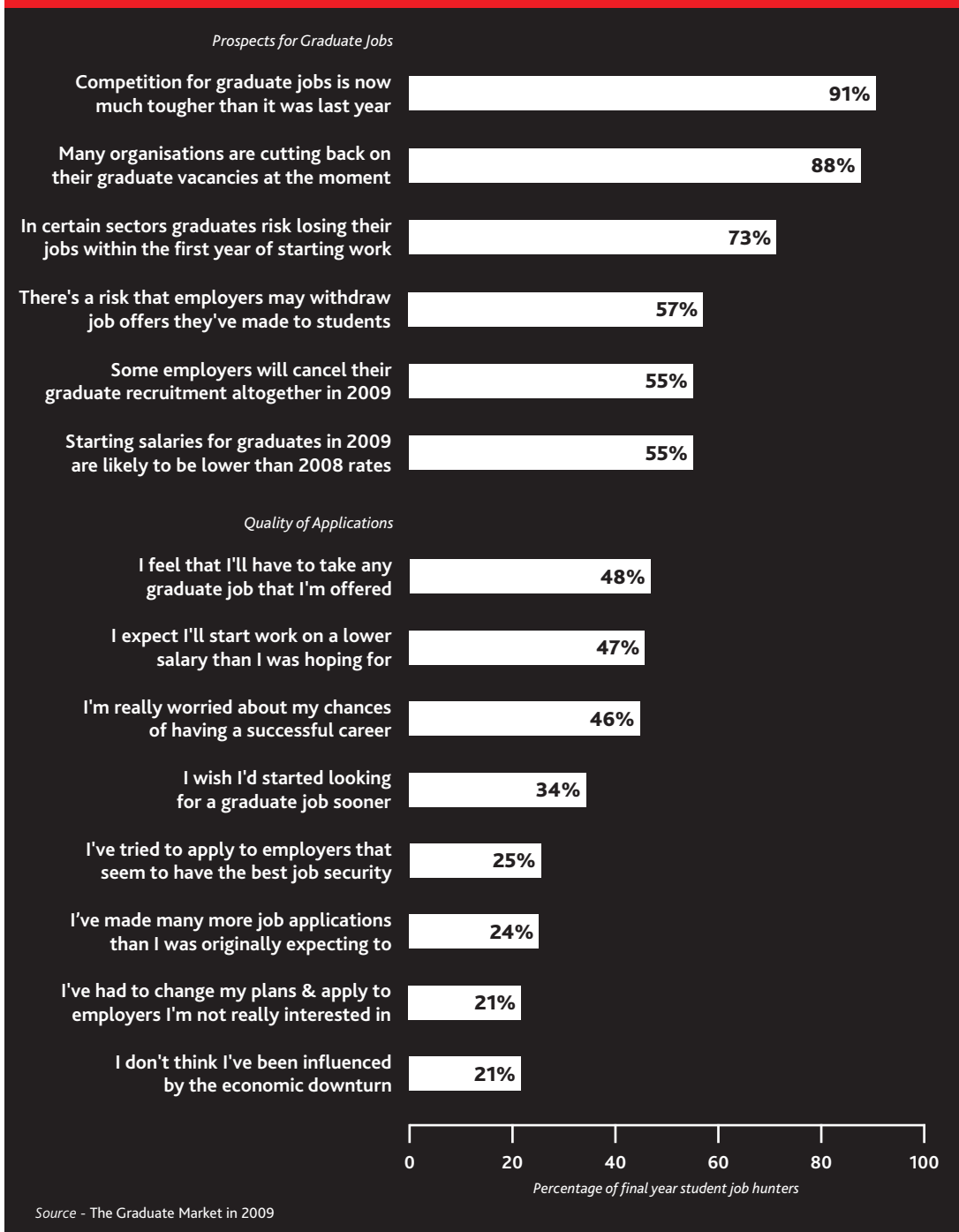


Percentage of final year student job hunters

Source - The Graduate Market in 2009

Students were also asked whether their opinion of individual career destinations had changed as a result of the economic downturn. Nearly two-thirds of finalists confirmed that investment banking was now less appealing, half had been put off working in property, a third had been discouraged from applying for jobs in retail, a quarter had been deterred from considering a career in accountancy and fewer students want to work for small or medium sized businesses. But a third of finalists said that the public sector was now more attractive.

Chart 5.3 Students' Opinions on the Effects of the Economic Crisis



Summary

- Final year university students are **very pessimistic** about their career prospects as the economic crisis worsens. More than **90% of finalists** think that employers will **cut their vacancies** this year and half of student job hunters have **little confidence** that they will find a graduate position after university.
- Two-thirds of finalists say that job hunting has been a **high priority** for them during their final year at university. A third admit that they should have begun looking for work **earlier**.
- In the current climate, three-quarters of students believe that in certain sectors, new **graduates risk losing their jobs** within the first 12 months of starting work. Half think that employers may **renege on job offers** they make to students this year.
- A **significant number of students** have been **put off** applying for jobs in **investment banking, property, retail and accountancy** due to the economic downturn and fewer students are keen to work for small or **medium-sized businesses** this year. But a third of finalists say working in the **public sector** is now a **more appealing** prospect.
- Half of finalists believe they'll have to take **any job that they're offered**, a fifth say they've been forced to apply to employers that they **aren't really interested in** and many expect to begin work on a **lower salary** than they were hoping for.

Chapter 6

Outlook for 2010

Graduate Vacancies for the 'Class of 2010'

For the final part of the research, the UK's leading employers were asked about the prospects for graduate recruitment in 2010.

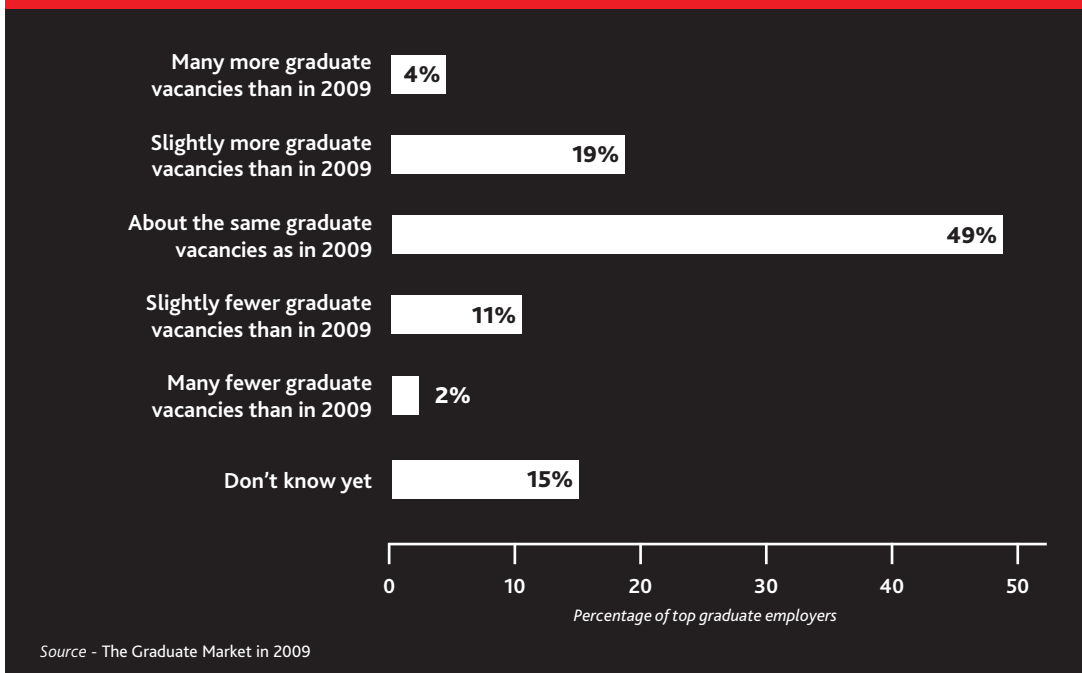
The results are refreshingly upbeat and show that up to three-quarters of recruiters are expecting their organisation to maintain or expand their graduate recruitment next year (see *Chart 6.1*). Nearly half of recruiters believed that they would take on a similar number of graduates in 2010 as are being recruited in 2009 and more than a fifth hope to increase their intake next year, with several organisations planning to offer 'many more vacancies'.

There is no particular pattern as to which employers are the most optimistic but they include a number of public sector recruiters, several major City banks and a selection of retailers.

A sixth of employers, however, expect to hire fewer graduates in 2010 than they're taking on this year. These more gloomy assessments are from recruiters at a number of investment banks, public sector organisations and engineering & industrial companies.

These early predictions for 2010 are encouraging and suggest that despite some significant cuts to graduate vacancies in 2008 and 2009, many of the UK's top employers are aiming to maintain a stable pipeline of new graduates for their organisations through the remainder of the economic downturn.

Chart 6.1 Number of Graduate Vacancies that Employers expect to Offer in 2010



Summary

- Britain's leading graduate employers are **reasonably optimistic** about their graduate recruitment in 2010. A quarter expect to take on more new recruits next year and **half** expect to **maintain recruitment at 2009 levels**.
- Just **13% of employers** – largely in the investment banking and engineering & industrial sectors – believe their recruitment targets **will be cut further in 2010**.
- The sentiment from many employers is that they are determined to continue to recruit graduates for entry-level positions, to provide an **uninterrupted supply** of future management talent for their organisations.