

The Graduate Market in 2013

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 nineteen 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 2013 is a study of the latest 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 2012**:

- Despite optimistic initial targets for the 2011-2012 recruitment season, the UK's leading employers recruited **fewer graduates** than expected in 2012 – entry-level vacancies decreased by **0.8%** compared with recruitment in 2011. Employers had increased their graduate recruitment by 2.8% in 2011 and 12.6% in 2010, following sharp falls of 17.8% in 2009 and 6.7% in 2008.
- The biggest cuts in vacancies in 2012 were at the **accounting & professional services** firms and the **investment banks** – employers in these sectors reduced their graduate intake by more than 1,200 places, compared with their original recruitment targets.
- The outlook for the **current** recruitment season has **improved** and employers are expecting to **increase** their graduate recruitment by **2.7%** in 2013.
- Almost **half of employers** expect to recruit additional graduates in 2013 and a further third plan to maintain their intake at 2012 levels – employers in eleven out of thirteen key industries and employment areas are expecting to take on **more new graduates** than in 2012.
- The biggest growth in vacancies is expected at **public sector employers, retailers and engineering & industrial companies** – graduate recruitment has increased significantly in all three sectors over the last three years.
- Whilst the total number of graduate vacancies is set to increase in 2013, recruiters expect that over a **third** of this year's entry-level positions will be filled by graduates who have **already worked for their organisations** – either through internships, industrial placements or vacation work – and therefore are not open to other students from the 'Class of 2013'.
- **Three quarters** of the graduate vacancies advertised this year by City **investment banks** and **half** the training contracts offered by the leading **law firms** are likely to be filled by graduates who have already completed work experience with the employer.
- The largest recruiters of graduates in 2013 will be **Teach First** (1260 vacancies), **Deloitte** (1,200 vacancies) and **PwC** (1,200 vacancies).
- Benchmarking graduate vacancies in 2013 with those available six years ago shows that recruitment **is still well below pre-recession levels** – across all the organisations featured within the research, the number of vacancies on offer this year remains more than **10% lower** than in 2007.

- **Starting salaries** for 2013 at the UK's leading graduate employers are expected to remain **unchanged for an unprecedented fourth year** – at a median of **£29,000**. Graduate salaries increased by 7.4% in 2010 and 5.9% in 2009.
- A fifth of top graduate programmes will pay new recruits more than **£35,000** when they start work and eight organisations are offering at least £40,000 to this year's graduates.
- The most generous salaries are those on offer from **investment banks** (median of £45,000), **law firms** (median of £38,000) and **oil & energy** companies (median of £32,500).
- **Public sector employers** (median of £22,200) have the lowest graduate pay rates for 2013.
- Fewer than one in seven employers have **increased** their graduate recruitment budgets for the 2012-2013 recruitment round but **more than a quarter** of organisations have **reduced** their spending on graduate recruitment this year.
- On average, the country's leading employers have been actively marketing their 2013 graduate vacancies at **twenty** UK universities, using a variety of university **careers fairs**, campus **recruitment presentations** and **online advertising**.
- The ten universities most-often targeted by Britain's top graduate employers in 2012-2013 are Warwick, Nottingham, Manchester, Cambridge, Bristol, Durham, Oxford, Birmingham, Bath and Leeds.
- Over a third 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 almost a quarter of organisations reported that they'd had fewer applicants.
- Together, the UK's top employers have received **7% more graduate job applications** so far, compared with the equivalent period in the 2011-2012 recruitment round.
- More than **four-fifths** of the UK's leading graduate employers are offering **paid** work experience programmes for students and recent graduates during the 2012-2013 academic year – a record **11,387 places** are available.
- At least **half** of employers are providing **industrial placements** for undergraduates (typically for 6-12 months) and half have **paid vacation internships** lasting more than three weeks.
- Over **half the recruiters** who took part in the research 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.

Chapter 1

Introduction

Researching the Graduate Market

Welcome to **The Graduate Market in 2013**, the annual review of graduate vacancies and starting salaries at Britain's top employers, produced by **High Fliers Research**.

This research, conducted during December 2012, examines how many graduates the leading employers recruited in 2012 and assesses their latest recruitment targets for 2013.

It also analyses the starting salaries on offer to new graduates, the number of paid work experience places that are available to students & recent graduates, and reviews the promotions being used by employers to publicise their graduate vacancies during the 2012-2013 recruitment season.

This is the tenth year that High Fliers Research has produced its assessment of the graduate employment market. The latest research is based on a study of graduate recruitment at the organisations named as *The Times Top 100 Graduate Employers 2012* in a poll of 17,737 final year students to find "Which employer offers the best opportunities for graduates".

About High Fliers Research

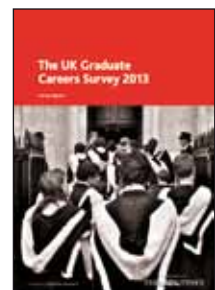
Established in 1994, **High Fliers Research** is an independent market research company which specialises in student and graduate research. It has worked with more than 125 leading employers to measure the impact of their graduate recruitment campaigns on campus and help them understand their position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

The company is best-known for *The UK Graduate Careers Survey* – its innovative annual study of over 17,000 final year undergraduates at thirty leading universities – which is supported and funded by up to 70 national & international employers each year.

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

Internationally, High Fliers Research works closely with the **Australian Association of Graduate Employers**, the **South African Graduate Recruitment Association** and the **New Zealand 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 2012*, 17,737 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 1,000 different organisations during the survey – the one hundred employers with the most student votes form **The Times Top 100 Graduate Employers** for 2012.



It is these employers that are included in the research for *The Graduate Market in 2013* report:

<i>Accenture</i>	<i>Diageo</i>	<i>Microsoft</i>
<i>Airbus</i>	<i>Deutsche Bank</i>	<i>Morgan Stanley</i>
<i>Aldi</i>	<i>DLA Piper</i>	<i>National Grid</i>
<i>Allen & Overy</i>	<i>E.ON</i>	<i>Nestlé</i>
<i>Apple</i>	<i>EDF Energy</i>	<i>Network Rail</i>
<i>Arcadia Group</i>	<i>Ernst & Young</i>	<i>NGDP for Local Government</i>
<i>Army</i>	<i>European Commission</i>	<i>NHS</i>
<i>Arup</i>	<i>ExxonMobil</i>	<i>Norton Rose</i>
<i>Asda</i>	<i>Foreign & Commonwealth Office</i>	<i>nucleargraduates</i>
<i>Atkins</i>	<i>Freshfields Bruckhaus Deringer</i>	<i>Oliver Wyman</i>
<i>BAE Systems</i>	<i>GE</i>	<i>Oxfam</i>
<i>Bain and Company</i>	<i>GlaxoSmithKline</i>	<i>Penguin</i>
<i>Bank of America Merrill Lynch</i>	<i>Goldman Sachs</i>	<i>Police</i>
<i>Barclays Retail & Business Banking</i>	<i>Google</i>	<i>Procter & Gamble</i>
<i>Barclays Investment Bank</i>	<i>Grant Thornton</i>	<i>PwC</i>
<i>BBC</i>	<i>Herbert Smith Freehills</i>	<i>Rolls-Royce</i>
<i>BDO</i>	<i>Hogan Lovells</i>	<i>Royal Air Force</i>
<i>Bloomberg</i>	<i>HSBC</i>	<i>Royal Bank of Scotland Group</i>
<i>Boots</i>	<i>IBM</i>	<i>Royal Navy</i>
<i>Boston Consulting Group</i>	<i>J.P.Morgan</i>	<i>Saatchi and Saatchi</i>
<i>BP</i>	<i>Jaguar Land Rover</i>	<i>Sainsbury's</i>
<i>British Airways</i>	<i>John Lewis Partnership</i>	<i>Santander</i>
<i>British Sugar</i>	<i>KPMG</i>	<i>Savills</i>
<i>BT</i>	<i>Kraft Foods</i>	<i>Shell</i>
<i>Cancer Research UK</i>	<i>L'Oréal</i>	<i>Sky</i>
<i>Centrica</i>	<i>Lidl</i>	<i>Slaughter and May</i>
<i>Citi</i>	<i>Linklaters</i>	<i>Teach First</i>
<i>Civil Service Fast Stream</i>	<i>Lloyd's</i>	<i>Tesco</i>
<i>Clifford Chance</i>	<i>Lloyds Banking Group</i>	<i>Towers Watson</i>
<i>Co-operative Group</i>	<i>Marks & Spencer</i>	<i>Transport for London</i>
<i>Credit Suisse</i>	<i>Mars</i>	<i>UBS</i>
<i>Deloitte</i>	<i>McDonald's</i>	<i>Unilever</i>
<i>Department for International Development</i>	<i>McKinsey & Company</i>	<i>WPP</i>
	<i>MI5 – The Security Service</i>	

Chapter 2

Graduate Vacancies

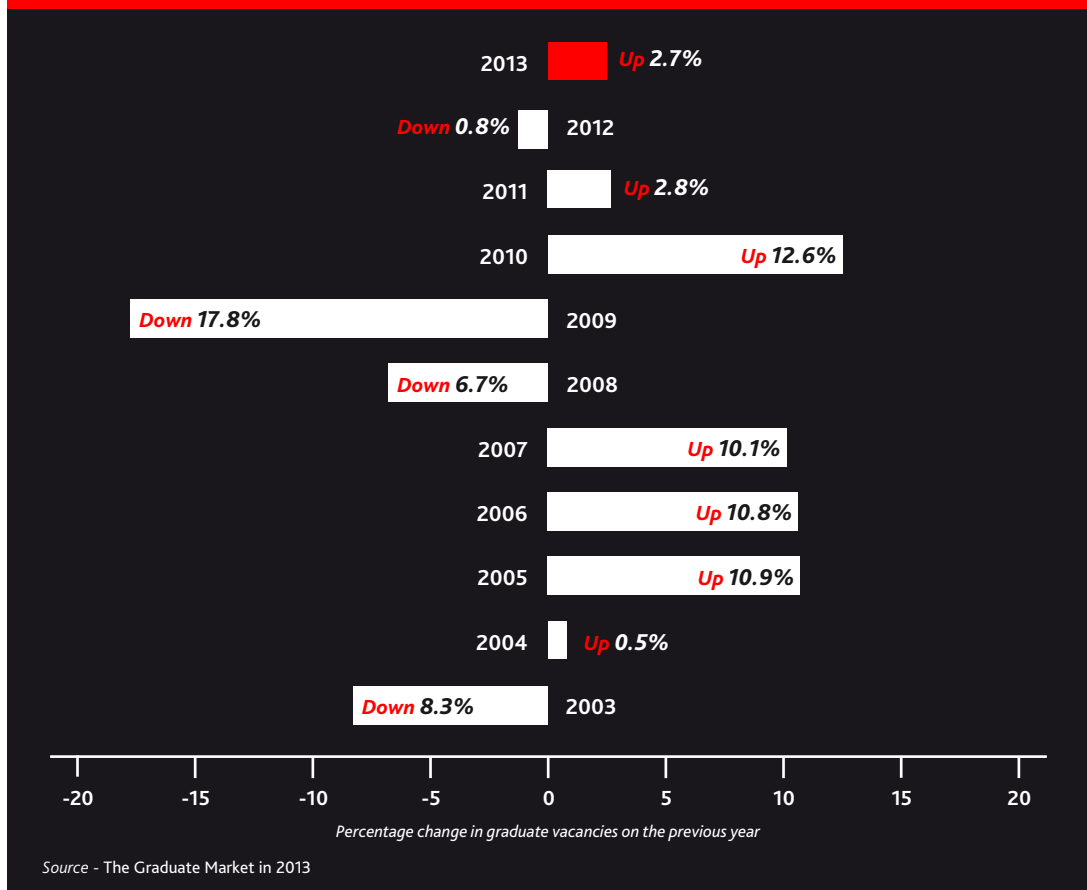
Job Vacancies for Graduates

The first part of the research examines the number of graduate vacancies available at the UK's leading employers in 2013, compared with recruitment in 2012. Graduate vacancies for 2013 are typically positions with an autumn 2013 start date, promoted during the current 2012-2013 recruitment season.

Twelve months ago, *The Graduate Market in 2012* reported that employers were expecting to step up their graduate recruitment by another 6.4% in 2012, after increases of 2.8% in 2011 and 12.6% in 2010. But during the course of the year, the continuing uncertainty in the wider economy meant that recruitment targets in several key sectors were cut, the growth in graduate vacancies stalled and final recruitment numbers were 0.8% lower than in 2011.

The outlook for 2013 is cautiously optimistic, with leading employers planning to hire 2.7% more graduates than were recruited during 2012 (see *Chart 2.1*).

Chart 2.1 How Job Vacancies for Graduates have Changed between 2003 and 2013



Graduate Vacancies in 2012

By comparison with the substantial reductions in graduate recruitment at the start of the recession in 2008 and 2009, the employment prospects for university-leavers improved considerably in 2010 and 2011. Many of the UK’s best-known employers stepped-up their graduate programmes and entry-level vacancies increased by more than 15% over the two recruitment rounds.

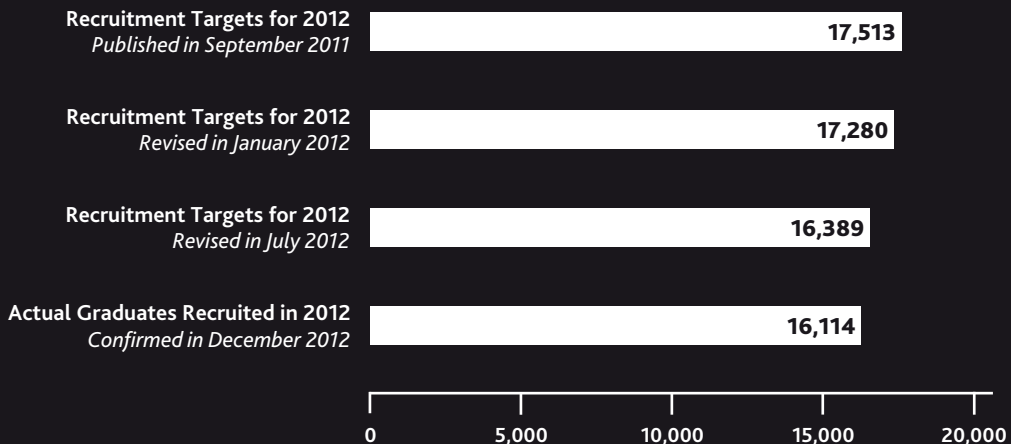
At the beginning of the 2011-2012 graduate recruitment season, it seemed that this upbeat mood was set to continue, with the leading employers preparing to hire over 17,500 graduates – almost 1,300 more than had been recruited in 2011. But as the recruiting season progressed, employers’ graduate recruitment targets in several different sectors changed significantly and the total number of vacancies on offer dropped (see *Chart 2.2*).

The accounting & professional firms downgraded their recruitment numbers three times during 2012, cutting nearly 800 trainee positions compared with the original targets published in September 2011 (see *Table 2.4*). In the latter part of the recruitment season, there were noticeable reductions too at the City’s top investment banks and elsewhere in the banking & finance sector. The fifteen banks featured in the research together hired almost 900 fewer graduates than had been expected at the beginning of the recruitment round. These cuts were partly offset by the top public sector and engineering & industrial employers who increased their vacancies through 2012, adding an extra 590 graduate positions during the year.

By the autumn of 2012, a total of 16,114 graduates started work with organisations featured in *The Times Top 100 Graduate Employers* – this is a small reduction of 0.8% on the number of graduates hired in 2011. In all, forty-five employers reduced their graduate intake, thirty-nine employers increased their vacancies and sixteen maintained their recruitment at 2011 levels (see *Chart 2.3*).

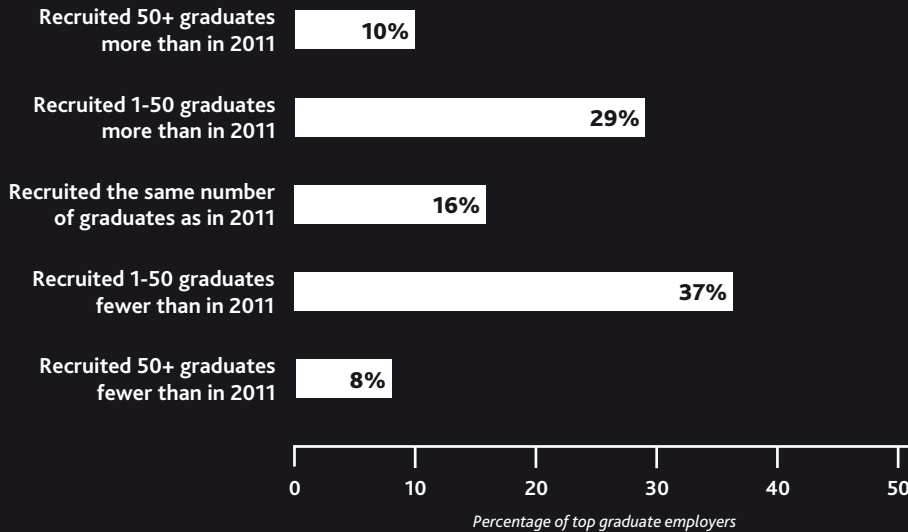
Year-on-year, vacancies increased in six areas – the public sector, retailing, engineering & industrial, IT & telecommunications, oil & energy and chemicals & pharmaceuticals – which together provided over 1,000 additional graduate roles, compared with recruitment in 2011.

Chart 2.2 How Graduate Recruitment Targets Changed during 2012



Graduate vacancies at Britain's top employers in 2012

Source - The Graduate Market in 2013

Chart 2.3 How Graduate Vacancies Changed in 2012, compared with 2011

Source - The Graduate Market in 2013

Table 2.4 Analysis of Graduate Vacancies in 2012, by Industry or Business Sector

Industry or Business Sector	Recruitment target for 2012, as published in Sept 2011	Recruitment target for 2012, as revised in Jan 2012	Recruitment target for 2012, as revised in July 2012	Actual graduates recruited by Dec 2012	% change from recruitment in 2011	Vacancies added (cut), compared with 2011
Accounting & professional services	4,550	4,108	3,981	3,759	-8.6	(355)
Armed Forces	832	882	882	1,012	-1.3	(13)
Banking & finance	1,250	1,166	970	860	-14.4	(145)
Chemical & pharmaceuticals	60	61	58	57	11.8	6
Consulting	615	455	350	495	-2.9	(15)
Consumer goods	426	336	297	278	-15.5	(51)
Engineering & industrial	1,060	1,363	1,339	1,279	14.8	165
Investment banking	2,750	2,700	2,419	2,262	-12.2	(315)
IT & telecommunications	470	620	655	631	34.0	160
Law	838	838	778	788	-9.4	(82)
Media	416	392	393	245	-50.1	(246)
Oil & energy	605	593	627	589	10.9	58
Public sector	1,990	2,362	2,281	2,361	25.1	473
Retailing	1,401	1,349	1,306	1,453	20.1	243
ALL SECTORS	17,513	17,280	16,389	16,114	-0.8	(129)

Source - The Graduate Market in 2013

Expected Graduate Vacancies in 2013

After the small reduction in the number of vacancies for graduates in 2012, it is promising to see that organisations featured *The Times Top 100 Graduate Employers* are expecting to expand their graduate recruitment programmes by an average of 2.7% for 2013.

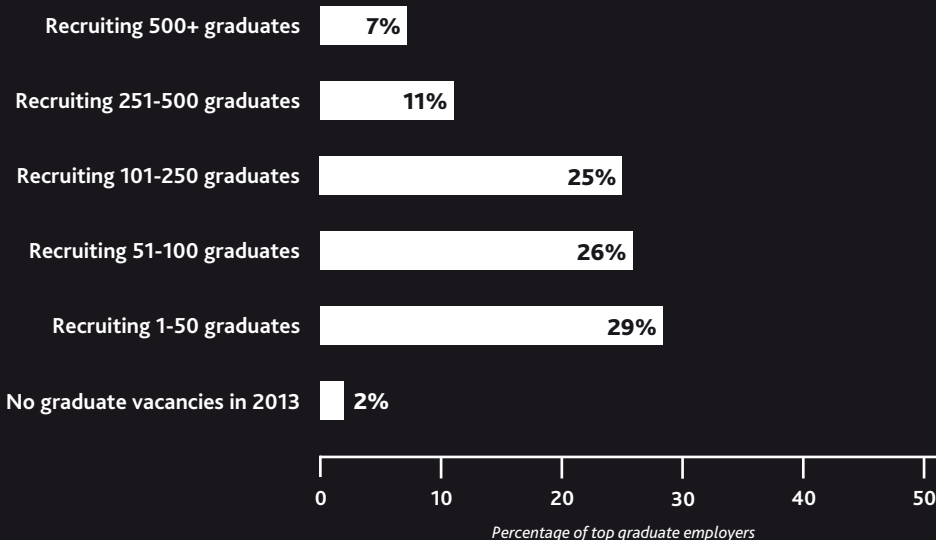
Almost half the leading employers are planning to recruit more graduates this year, with seven organisations confident that they'll be hiring at least fifty extra graduates in 2013. A third of employers plan to recruit similar numbers of graduates to their 2012 intake, but a fifth warn that they will be reducing their entry-level vacancies. Seven of the largest employers are preparing to hire more than 500 university-leavers this year but over half of organisations expect to recruit up to 100 graduates in 2013 (see *Chart 2.5*).

By contrast with the final recruitment figures for 2012, vacancies for graduates are set to increase in eleven out of the thirteen main employment areas (see *Table 2.7*). The biggest growth is at public sector employers, engineering & industrial companies and the leading retailers – three of the key sectors that increased their graduate vacancies significantly in 2012 – which together expect to offer almost 400 additional positions in 2013.

It is striking that a number of employers within the accounting & professional services, investment banking, and banking & finance sectors are now expecting to hire many fewer graduates in 2013 than their original recruitment targets – published in September 2012 – suggested. This appears to be due, in part, to the fact that initial targets for 2013 were set last summer, before the reduced graduate intake for 2012 in these sectors had been confirmed.

Although this data suggests that the graduate job market is expected to grow again in 2013, employers have confirmed that more than a third of the vacancies that they are promoting are expected to be filled by undergraduates who have had previous work experience with their organisations, such as paid internships or industrial placements (see *Chart 2.6*). This means that an estimated 6,000 positions from this year's entry-level vacancies will not be available to other final year students from the 'Class of 2013' currently applying for graduate jobs.

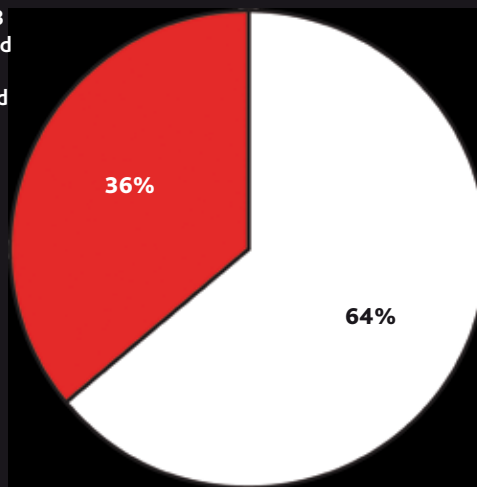
Chart 2.5 Graduate Vacancies at the UK's Top Employers in 2013



Source - The Graduate Market in 2013

Chart 2.6 Type of Graduate Vacancies at the UK's Top Employers in 2013

Vacancies for 2013 expected to be filled by graduates who had already worked for the employer



Vacancies for 2013 available to final year undergraduates and recent graduates

Source - The Graduate Market in 2013

Table 2.7 Analysis of Graduate Vacancies in 2013, by Industry or Business Sector

<i>Industry or Business Sector</i>	<i>Recruitment target for 2013, as published in Sept 2012</i>	<i>Recruitment target for 2013, as revised in Dec 2012</i>	<i>% change from recruitment in 2012</i>	<i>Vacancies added (cut), compared with 2012</i>	<i>% of vacancies likely to be filled by graduates who had already worked for employer</i>
Accounting & professional services	4,600	3,827	-1.3	(50)	30
Armed Forces	830	910	-10.1	(102)	-
Banking & finance	1,097	927	5.9	52	43
Consulting	675	620	0	0	26
Consumer goods	359	322	11.8	34	39
Engineering & industrial	1,510	1,324	10.1	122	22
Investment banking	2,700	2,270	0.4	8	78
IT & telecommunications	695	681	7.9	50	22
Law	795	765	1.3	10	53
Media	455	259	5.7	14	-
Oil & energy	640	565	2.4	13	35
Public sector	2,305	2,672	6.1	153	10
Retailing	1,375	1,572	8.2	119	16
ALL SECTORS	18,306	16,900	2.7	448	36

Source - The Graduate Market in 2013

Location & Type of Graduate Vacancies in 2013

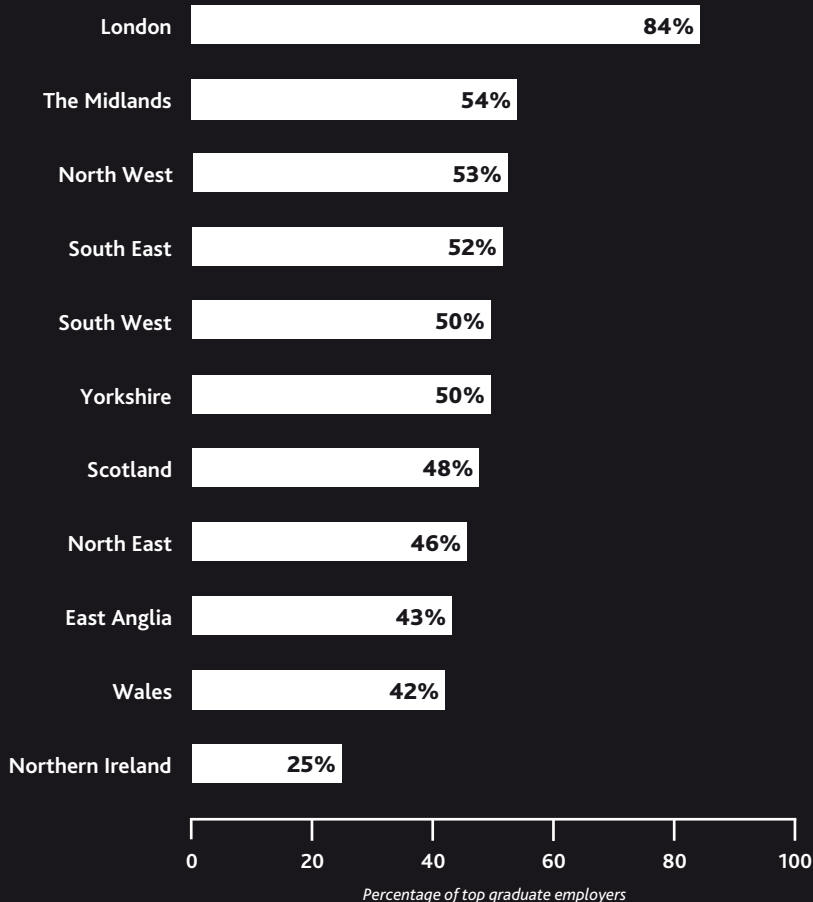
Examining where within the UK employers expect to employ graduates shows that more than four-fifths of organisations are offering vacancies in London for 2013 and half plan to hire new recruits for positions in the south east of England (see *Chart 2.8*). Whilst this doesn't necessarily mean that the majority of graduate vacancies are in or around the M25, it does confirm that most major employers have opportunities within the region.

The Midlands, the north west of England 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 – 43% of employers have opportunities there in 2013.

A total of 48% and 42% of graduate employers have entry-level jobs on offer in Scotland and Wales respectively and 25% are recruiting for opportunities in Northern Ireland.

The Graduate Market in 2013 also records the type of job functions that employers are hoping to recruit graduates into in 2013. The most frequent 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*). Around two-fifths of employers have vacancies

Chart 2.8 Location of Graduate Vacancies at leading UK Employers in 2013

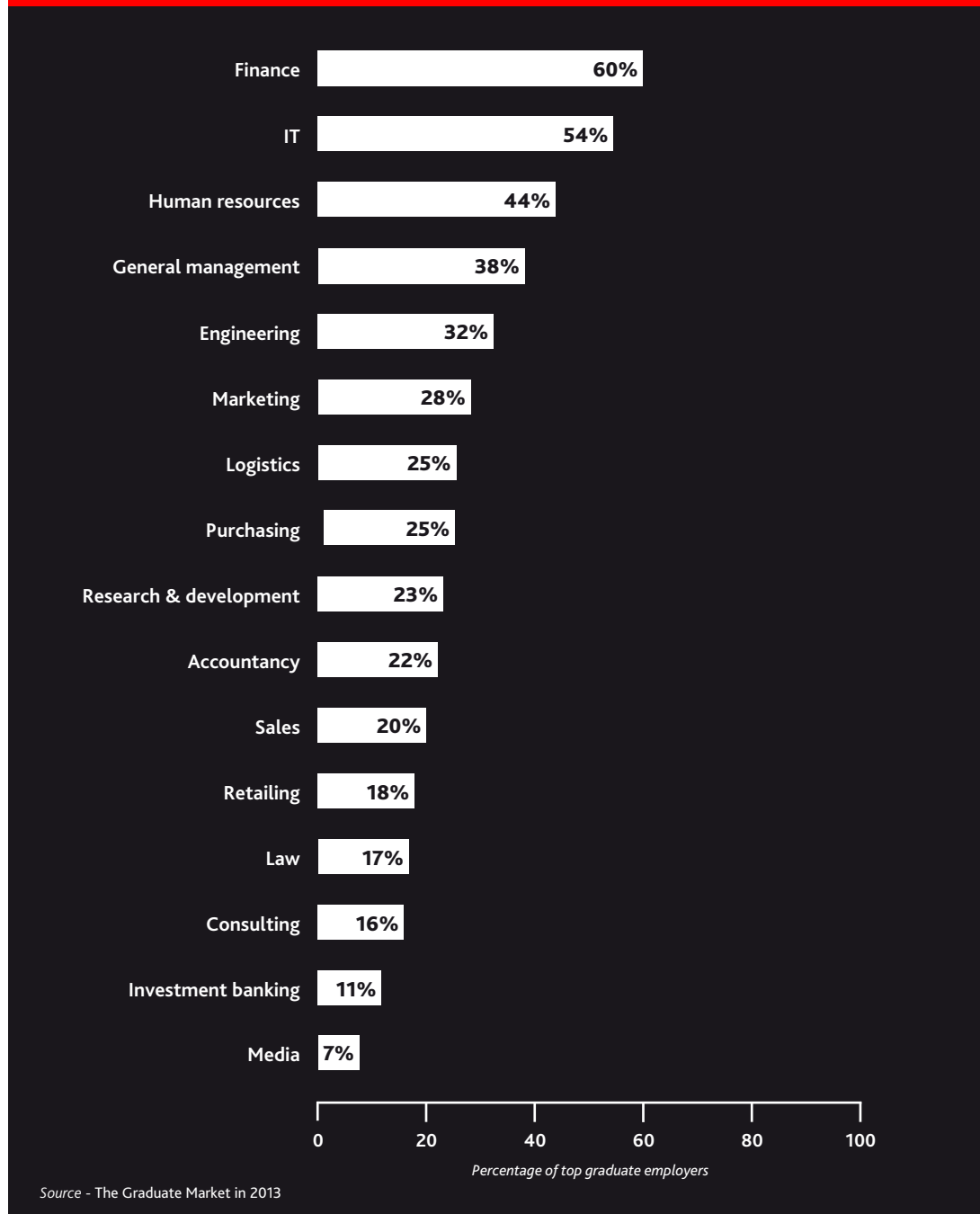


Source - The Graduate Market in 2013

in human resources or general management, a third are recruiting for engineering positions and approximately a quarter are looking for graduates to work in marketing, logistics, purchasing or research & development.

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 2013



Changes to Graduate Vacancies during the Recession & Beyond

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

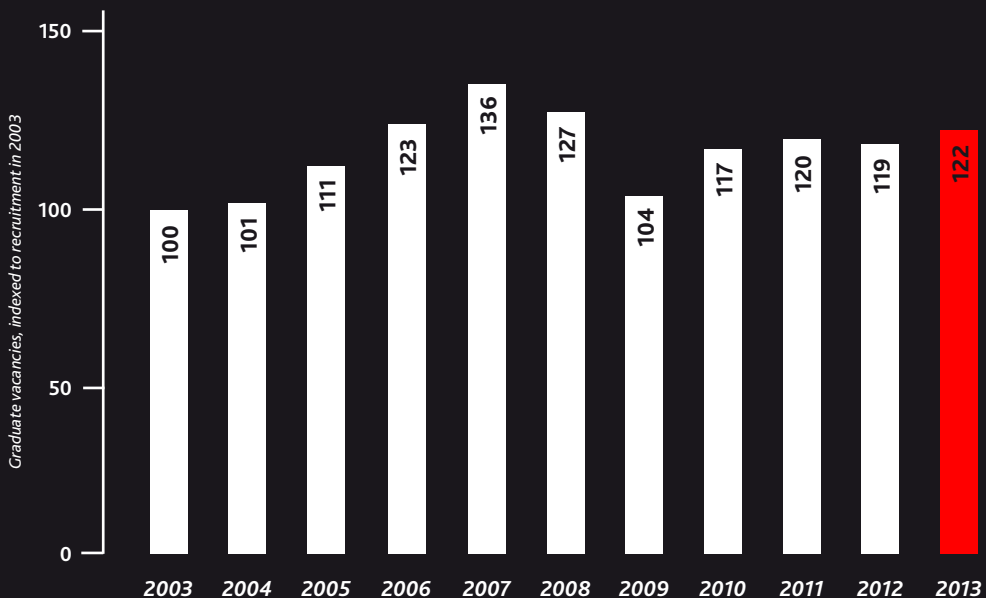
The worst of the cuts took place at the investment banks, IT & telecoms firms, chemical & pharmaceuticals companies and within the media, where vacancies halved during the course of the two recruitment rounds. There were substantial falls too in recruitment at consumer goods manufacturers, engineering & 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.

Only one employment area – the public sector – managed to increase its graduate recruitment over the period, increasing vacancies by 44.9% from 1,475 places in 2007, to an impressive 2,137 posts by the end of 2009. This growth was partly down to the considerable expansion of the Teach First scheme, as well as significant increases in recruitment at the NHS, the Civil Service Fast Stream and the Government Communications Headquarters (GCHQ).

It is interesting to benchmark how graduate vacancies have changed over the last ten years since the end of the last economic downturn in 2002 (see *Chart 2.10*). This indexing of vacancies shows that during the four 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.

Twelve months later, the graduate job market bounced back and vacancies grew by 12.6% in 2010, with a further increase of 2.8% in 2011. But the recovery stalled again in 2012

Chart 2.10 Indexing Graduate Vacancies at the UK’s Top Employers 2003 to 2013



Source - The Graduate Market in 2013

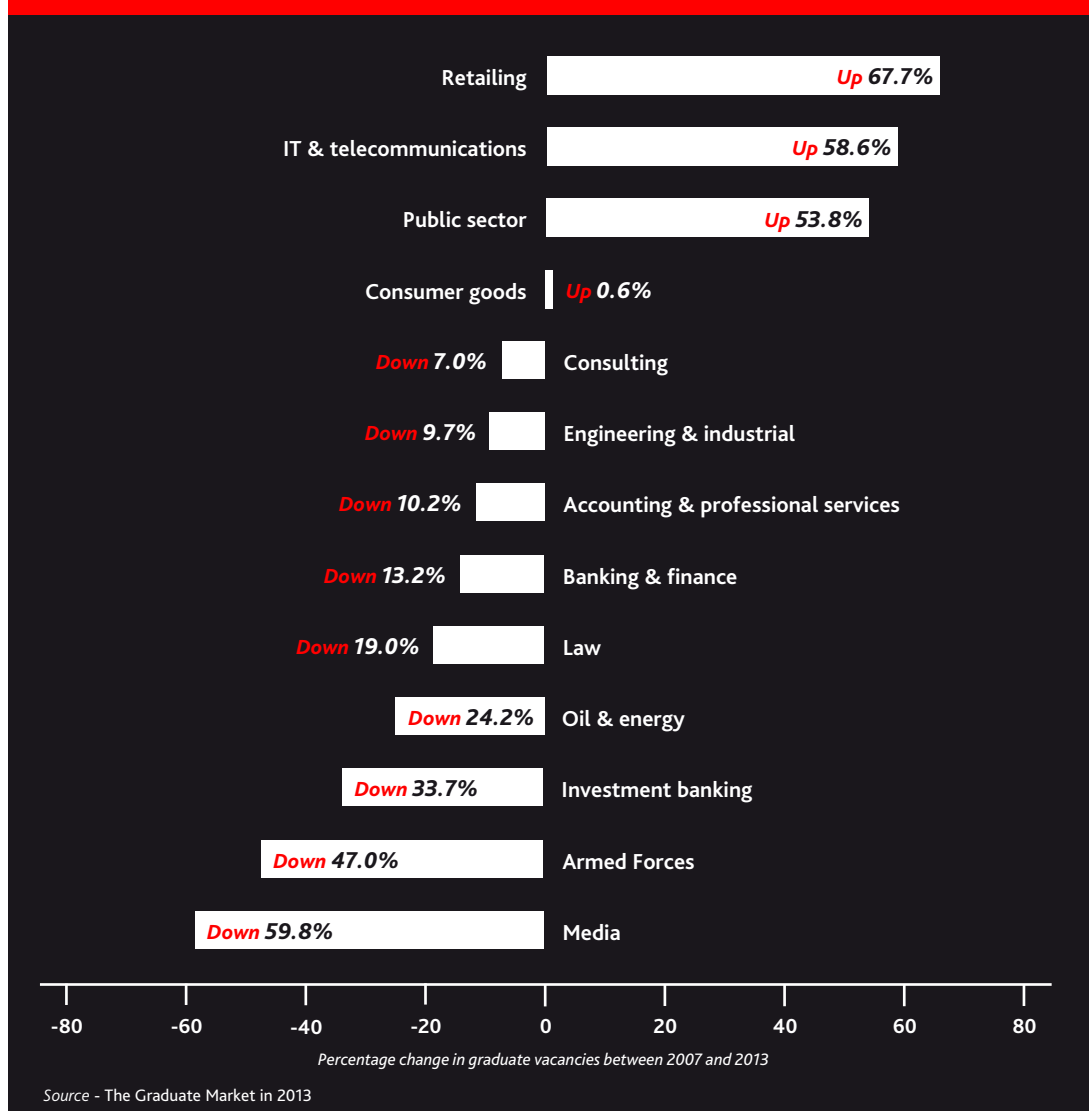
and with only a modest expansion in recruitment expected in 2013, graduate vacancies at the UK’s best-known and most popular employers seems set to remain well below the pre-recession intake seen in 2007.

Comparing the graduate recruitment targets for 2013 with the numbers hired in 2007 shows that within nine individual industries and business sectors, graduate vacancies remain lower than before the start of the recession (see *Chart 2.11*).

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

By contrast, graduate recruitment at IT & telecommunications companies, retailers and public sector employers has actually increased by more than 50% during the last six years and vacancies at the leading consumer goods companies have now returned to 2007 levels.

Chart 2.11 How Graduate Vacancies Changed 2007 to 2013 by Sector or Industry



Summary

- Despite optimistic initial targets for the 2011-2012 recruitment season, the UK's leading employers recruited **fewer graduates** than expected in 2012 – entry-level vacancies decreased by **0.8%** compared with recruitment in 2011. Employers had increased their graduate recruitment by 2.8% in 2011 and 12.6% in 2010, following sharp falls of 17.8% in 2009 and 6.7% in 2008.
- The biggest cuts in graduate vacancies in 2012 were at the **accounting & professional services** firms and the **investment banks** – employers in these sectors reduced their graduate intake by more than 1,200 places, compared with their original recruitment targets.
- The outlook for the **current** recruitment season has **improved** and employers are expecting to **increase** their graduate recruitment by **2.7%** in 2013.
- Almost **half of employers** expect to recruit additional graduates in 2013 and a further third plan to maintain their intake at 2012 levels – employers in eleven out of thirteen key industries and employment areas are expecting to take on **more new graduates** than in 2012.
- The biggest growth in vacancies is expected at **public sector employers, retailers** and **engineering & industrial companies** which together intend to recruit almost 400 extra graduates in 2013 – graduate recruitment has increased significantly in all three sectors over the last three years.
- Whilst the total number of graduate vacancies is set to increase in 2013, recruiters have confirmed that over 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 internships, industrial placements or vacation work – and therefore are not open to other students from the 'Class of 2013'.
- The largest recruiters of graduates in 2013 will be **Teach First** (1260 vacancies), **Deloitte** (1,200 vacancies) and **PwC** (1,200 vacancies).
- Benchmarking graduate vacancies in 2013 with those available six years ago shows that recruitment **is still well below pre-recession levels** – across all the organisations featured within the research, the number of vacancies on offer this year remains more than **10% lower** than in 2007.
- Just three sectors have increased their vacancies significantly since the start of the recession – graduate recruitment at the leading **public sector** organisations, **IT & telecommunications** firms and at high-street **retailers** has increased by more than 50% since 2007.

Chapter 3

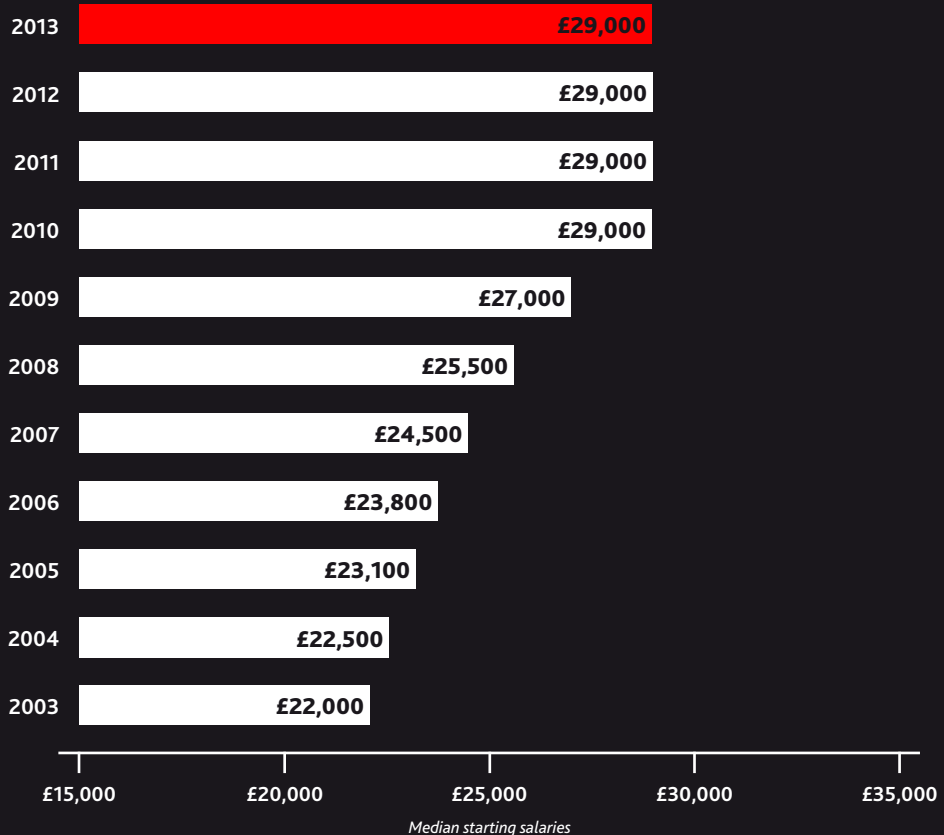
Graduate Salaries

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 2013, compared with salaries paid to graduate recruits who joined their organisations in 2012. The salaries quoted are generally the average national salaries that have been promoted by employers during the 2011-2012 and 2012-2013 recruitment rounds. The figures do not include additional benefits such as relocation allowances, regional weighting, subsidised company facilities or bonus schemes.

From 2004 to 2007, salaries rose by between 2.3% and 3.0% – effectively matching the increasing cost-of-living each year – and by more generous rises of 4.1% in 2008 and 5.9% in 2009 (see *Chart 3.1*). The improving graduate job market in 2010 brought a bigger jump to a median starting salary of £29,000 but pay for new graduates has remained at this level each year since and is expected to do so again in 2013.

Chart 3.1 How Starting Salaries for Graduates have Changed between 2003 and 2013



Source - The Graduate Market in 2013

Graduate Salaries in 2013

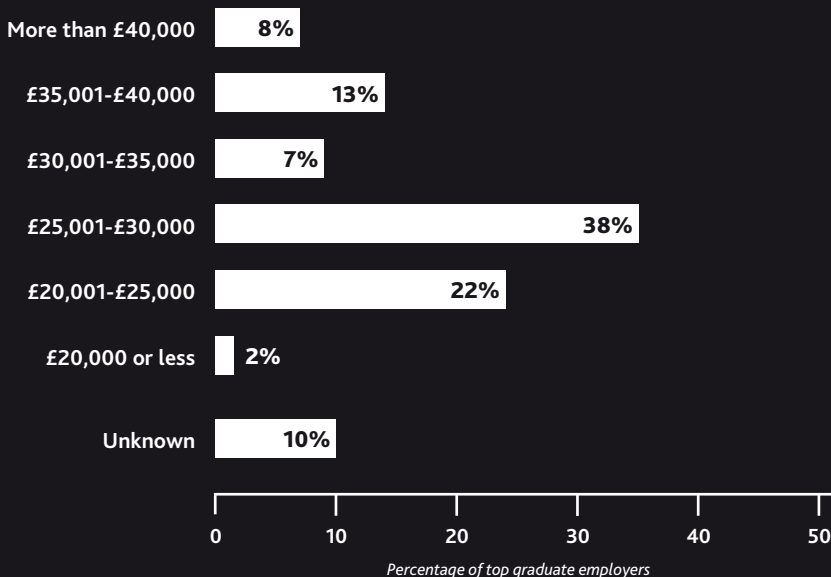
The UK’s leading graduate employers are set to offer a median starting salary of £29,000 for graduates starting work in 2013, the third consecutive year that salaries have remained unchanged. The research shows, however, that the starting salaries on offer to university-leavers do vary considerably from organisation to organisation.

Only two major employers are paying £20,000 or less to their new graduate recruits this year (see *Chart 3.2*). The majority of organisations – some three-fifths of those featured in the research – are offering graduates between £20,000 and £30,000. At the top of the market, a fifth of graduate programmes now pay more than £35,000 and eight employers are intending to pay salaries in excess of £40,000 this year. At least four of the leading investment banks are offering basic salaries of £45,000 this year and two have confirmed that their overall graduate packages will be worth £50,000 or more to new joiners, when relocation allowances or sign-up bonuses are taken into account. Beyond 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 graduate employers in 2013 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, the median rate for those that did is £45,000. The resurgence of graduate recruitment within the banking sector during 2010 and 2011, combined with the recent reorganisation of how remuneration packages are structured at a number of banks has meant that average graduate starting salaries at investment banks are now 20% higher than they were in 2010. The median salary for graduates joining the legal sector remains at £38,000 for the fourth year running.

Three other key sectors – oil & energy, consulting and banking & finance – are each offering median graduate starting salaries of £30,000 or more in 2013. IT & telecommunications companies, consumer goods manufacturers and the accounting & professional services

Chart 3.2 Graduate Starting Salaries at leading UK Employers in 2013



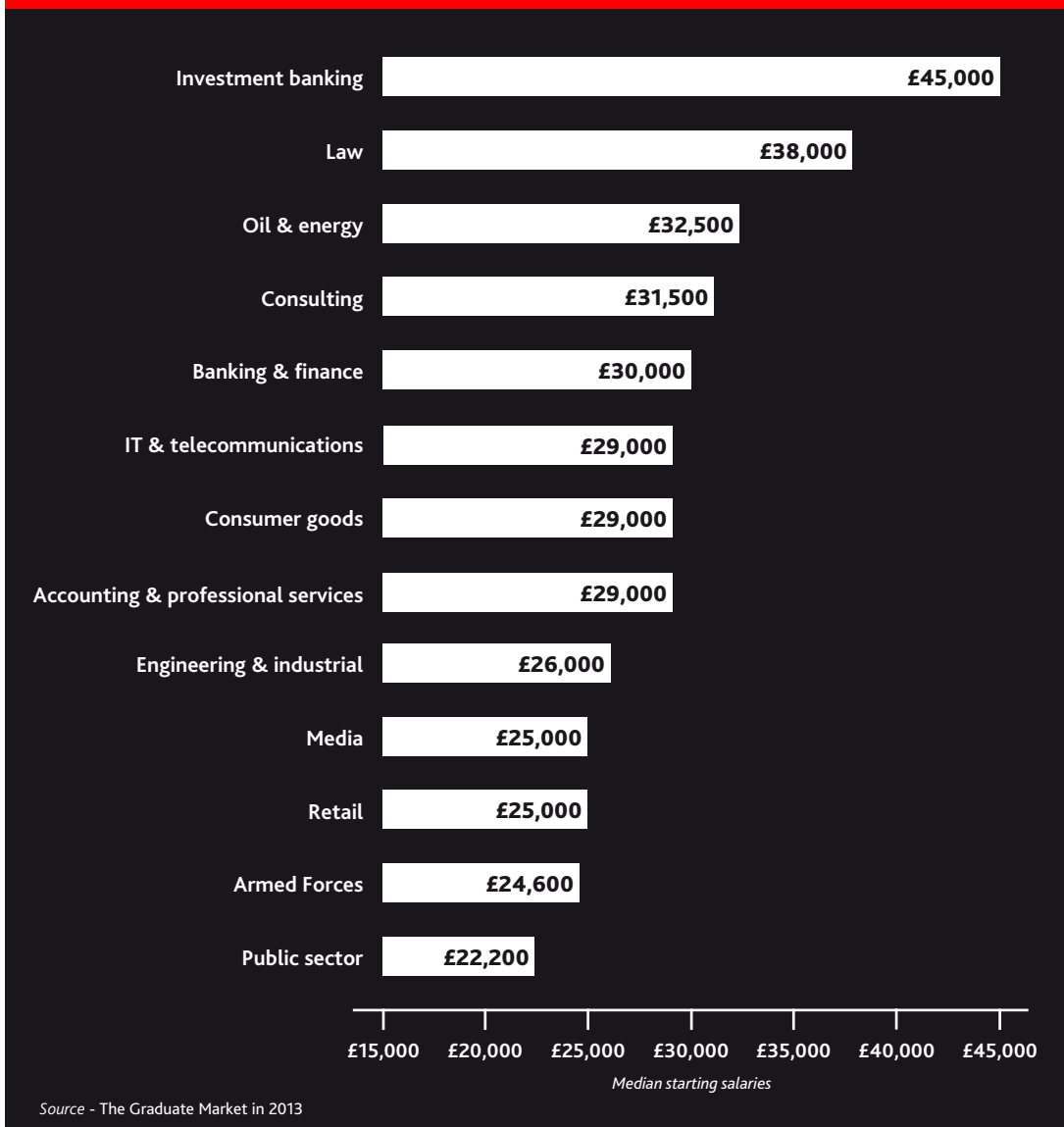
Source - The Graduate Market in 2013

firms are expecting to pay salaries matching the national median of £29,000. The lowest predicted salaries are for those starting work with public sector employers and those joining the Armed Forces, where the initial salary for graduates currently averages £24,600 upon commencement of Officer training.

It is worth remembering that salaries in some employment areas may yet increase before graduates begin work in autumn 2013. The 'Big Four' accountancy & professional services firms, for example, often don't finalise their starting salaries until the summer months, so pay for new graduates could be revised upwards then.

Although none of the data for graduate remuneration in 2013 includes additional incentives such as relocation allowances, approximately a quarter of employers did say they would be offering some form of 'starting work' or 'sign-up' bonus to new graduates this year, typically worth between £1,500 and £6,000.

Chart 3.3 Graduate Salaries at UK Employers in 2013, by Sector or Industry



Changes to Graduate Salaries since 2012

Looking at the graduate salaries that individual organisations are offering in 2013, in comparison with the starting salaries paid to new graduates in 2012, it is clear that the majority of leading graduate employers included in the research have opted to leave their starting salaries unchanged this year.

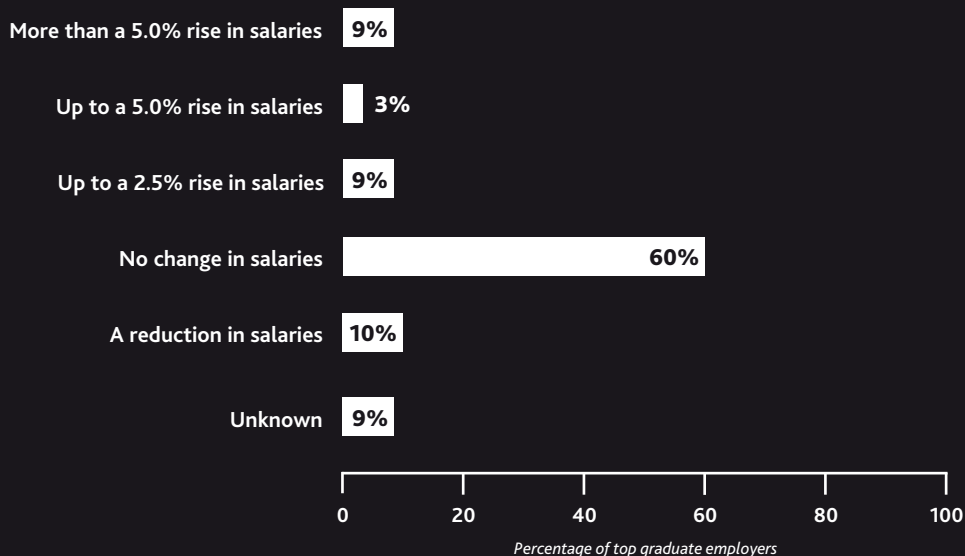
A fifth of organisations are planning to increase salaries for new recruits compared with 2012 levels (see *Chart 3.4*). Almost half these employers have stepped-up their graduate starting salaries by 2.5% or less – a rise which could be considered to be a ‘cost-of-living increase’, given that the UK rate of inflation (CPI) stood at 2.7% in the final quarter of 2012.

It is interesting that eight of the nine employers that have opted to increase graduate salaries by more than 5.0% for 2013 had previously been paying university-leavers less than the national median graduate starting salary of £29,000 – several of these increases now bring these organisations’ starting salaries up to the median rate. In all, ten well-known employers have reduced their graduate rates for 2013, although most appear to be minor adjustments of between £500 or £1,000, rather than more significant reductions to starting salaries.

Looking at pay within different industries and business sectors, many starting salaries remain the same for 2013 as they were in 2012 (see *Chart 3.5*). In nine of the thirteen key employment areas featured within the research – including accountancy & professional services, the Armed Forces, banking & finance, consulting, engineering & industrial, investment banking, law, oil & energy and the public sector – there is no change to the median salary.

Salary increases are expected in four sectors – consumer goods manufacturers, retailers, IT & telecommunications companies and the media. It should be noted that the majority of graduate roles at the media organisations included in the research are commercial posts rather than editorial positions, which traditionally attract lower starting salaries.

Chart 3.4 Changes to Graduate Salaries at leading UK Employers since 2012

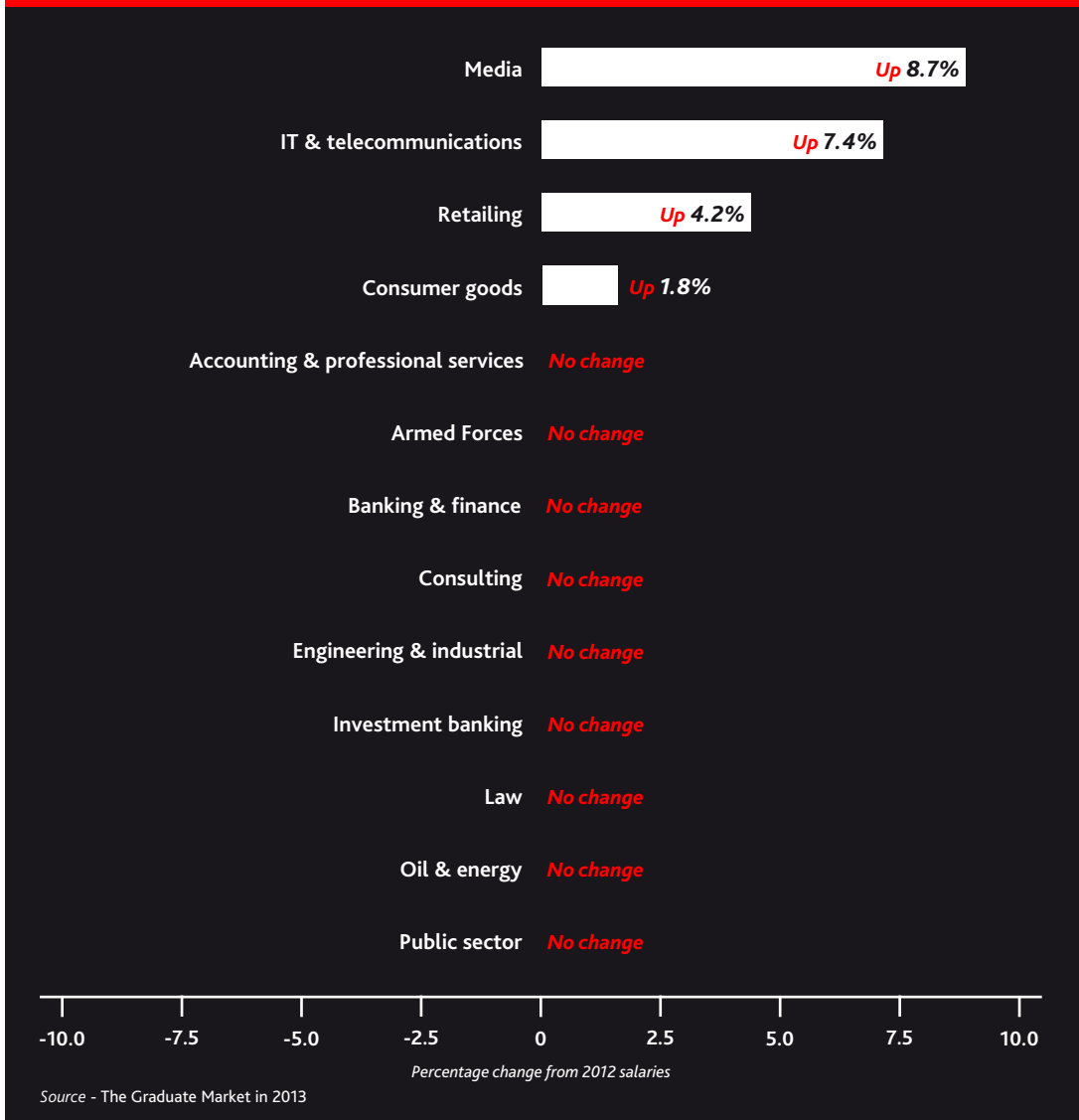


Source - The Graduate Market in 2013

Comparing starting salaries in 2013 with those on offer in past years, it is apparent that pay rates have increased dramatically over the last six years in several employment areas. The leading City law firms are now offering new graduates a quarter more than they did before the recession began in 2008, whilst the top investment banks have stepped up their starting salaries by almost a third over the same period. By comparison, graduate starting salaries at the major public sector employers have risen by less than 10% since 2007 – well below the increase in the cost-of-living during over the last six years.

These changes mean that there remains a wide disparity between the individual employers featured within the research – the top starting salaries on offer to graduates in 2013 are still more than £25,000 higher than the lowest rates. Five sectors now pay median salaries of at least £30,000 and with packages of between £32,000 and £40,000 available in the oil & energy industry, at three leading retailers and one well-known media organisation, it is clear that generous remuneration packages are available beyond City banks and legal firms.

Chart 3.5 Changes to Graduate Salaries since 2012, by Sector or Industry



Summary

- **Starting salaries** for 2013 at the UK's leading graduate employers are expected to remain **unchanged for an unprecedented fourth year** – at a median of **£29,000**. Graduate salaries increased by 7.4% in 2010 and 5.9% in 2009.
- One fifth of top graduate programmes will pay new recruits more than **£35,000** when they start work and eight organisations are offering at least £40,000 to this year's graduates.
- The most generous salaries are those on offer from **investment banks** (median of £45,000), **law firms** (median of £38,000) and **oil & energy** companies (median of £32,500).
- **Public sector employers** (median of £22,200) have the lowest graduate pay rates for 2013.

Chapter 4

Graduate Recruitment in 2012-2013

Promoting Graduate Programmes

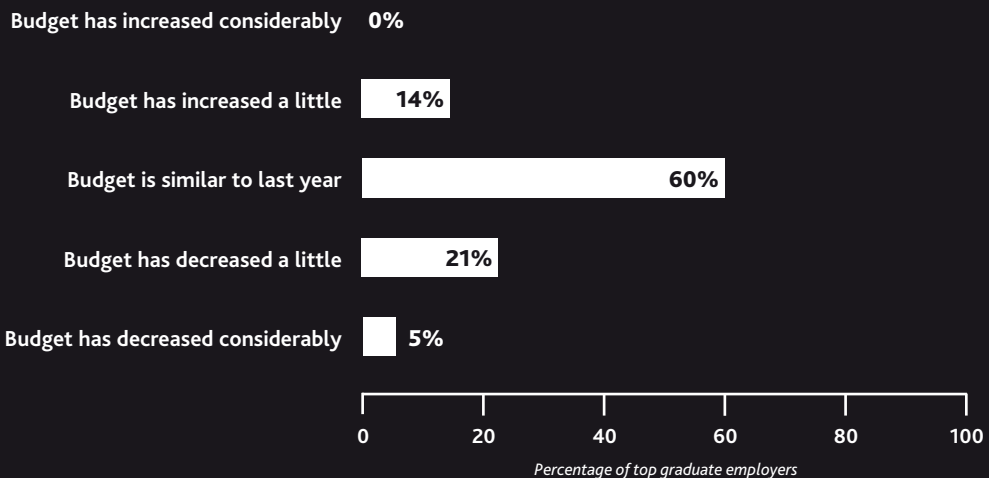
In addition to assessing employers' graduate vacancies and starting salaries, the research also examines how the UK's leading recruiters have approached the 2012-2013 graduate recruitment round – from the promotions they used to publicise their graduate opportunities and the universities they targeted during their campus recruitment campaigns, to the volume of applications received so far for their 2013 graduate vacancies.

It is no surprise that the recession in 2008 and 2009 had a substantial impact on the resources subsequently available to graduate recruiters. *The Graduate Market in 2010* report showed that recruitment budgets at almost half of the UK's leading graduate employers had been cut compared with the previous recruitment season, and 18% of organisations described the decrease as 'considerable'.

During the 2010-2011 recruitment season, the outlook seemed more encouraging and the majority of employers confirmed that their graduate recruitment budgets increased or were being maintained. But in 2012, employers whose budgets had increased were outnumbered by the organisations where spending on graduate recruitment had been cut year-on-year.

This year, an even higher proportion of employers are reporting that their graduate recruitment budgets have decreased (see *Chart 4.1*). More than a fifth of recruiters say they have reduced their spending 'a little' during 2012-2013 and five organisations – including a major IT company and one of the 'Big Four' accounting & professional services firms – say that their budget has 'decreased considerably', compared with the 2011-2012 recruitment season.

Chart 4.1 Employers' Graduate Recruitment Budgets for 2012-13



Source - The Graduate Market in 2013

Employers' On-Campus Recruitment Promotions

The UK's top graduate employers have used a wide variety of different promotions during the 2012-2013 recruitment season. Almost all the leading recruiters are working with university careers services this year (see *Table 4.2*) and are advertising their graduate vacancies on graduate recruitment websites (such as *Milkround* and *Prospects*). Many employers have also used local careers fairs, commercial email services and their own on-campus recruitment presentations to publicise their latest graduate vacancies.

There has been a rise in the number of employers using social media (such as *Facebook* and *Twitter*) and nearly three-quarters of recruiters say they've placed more emphasis on these promotions this year. Two-fifths of employers reported using more skills training events during their recruitment campaigns but up to a third of recruiters reported making less use of advertising in graduate directories, sector guides and local careers guides.

Recruiters taking part in the research were asked which UK universities their organisations have been formally targeting for local graduate recruitment promotions this year. The results show that employers are focussing their efforts on an average of twenty universities (see *Chart 4.3*) and that the top five universities targeted by the largest number of leading graduate employers are Warwick, Nottingham, Manchester, Cambridge and Bristol (see *Table 4.4*). These institutions have attracted the largest number of top graduate recruiters for campus careers fairs, local presentations or other university promotions during 2012-2013.

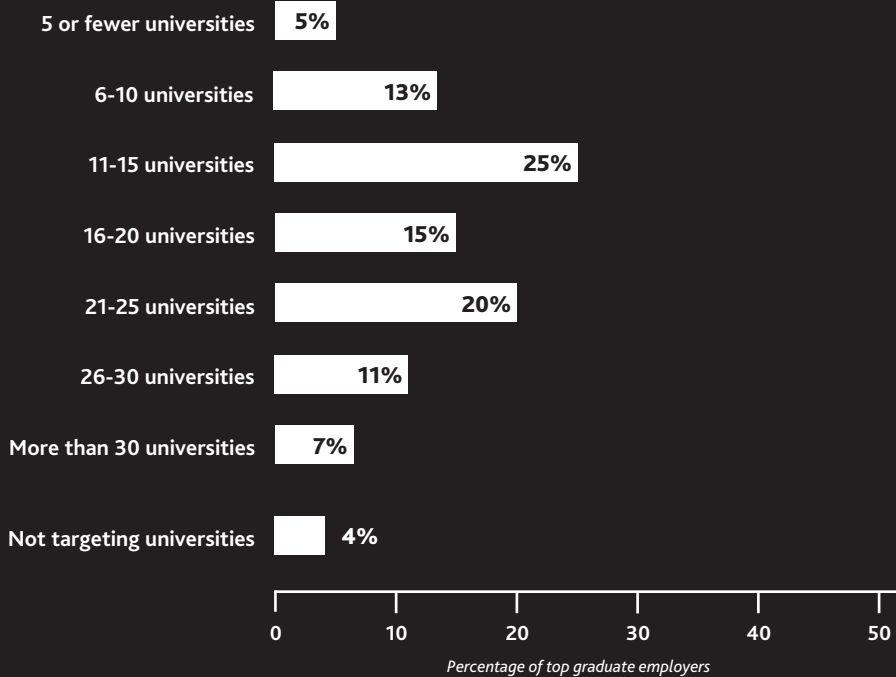
Table 4.2 Analysis of Employers' Graduate Recruitment Promotions in 2012-2013

Graduate Recruitment Promotion	% of employers who used promotion during 2012-2013	More emphasis than in previous years %	About the same as previous years %	Less emphasis than in previous years %
University careers service	93	24	72	4
Graduate recruitment websites	91	12	80	8
Careers fairs	90	19	57	24
Email services	90	25	69	6
Campus presentations	89	27	62	11
Social media	89	71	28	1
Advertising in graduate directories	84	13	54	33
Advertising in sector guides	78	13	53	34
Drop-in sessions	73	25	62	13
Skills training sessions	73	42	53	5
Academic lectures	68	18	70	12
Advertising in local careers guides	61	6	61	33
Business games	58	36	51	13
Sponsorship of student societies	58	15	60	25
Advertising in student newspapers	57	7	70	23
Promotions to first years	78	42	57	1
Promotions to penultimate years	85	28	69	3
Promotions to final years	91	16	75	9

Source - The Graduate Market in 2013

It is interesting to compare this list with the rankings from *The Times Good University Guide 2013* – the latest league table of leading institutions compiled from a range of university data including entry standards, teaching performance, academic research, student funding and graduates’ career prospects. In it, Oxford and Cambridge are ranked in 1st and 2nd place but Manchester, the third most-targeted university by the leading employers, fails to even make the top thirty in the guide. And by contrast, St Andrews and Lancaster which are ranked 6th and 12th respectively in the guide, do not appear in the employers’ top twenty universities.

Chart 4.3 Number of Universities Targeted by Top Employers in 2012-2013



Source - The Graduate Market in 2013

Table 4.4 Universities Targeted by the Largest Number of Top Employers in 2012-2013

Last Year		Last Year			
1.	7	Warwick	14.	13	Edinburgh
2.	4	Nottingham	15.	*	London School of Economics
3.	1	Manchester	16.	*	London University College
4.	3	Cambridge	17.	15	Southampton
5.	6	Bristol	18.	16	Newcastle
6.	8	Durham	19.	21	Strathclyde
7.	5	Oxford	20.	20	Exeter
8.	9	Birmingham	21.	24	York
9.	10	Bath	22.	*	London King's College
10.	11	Leeds	23.	18	Liverpool
11.	12	Sheffield	24.	19	Cardiff
12.	*	London Imperial College	25.	17	Aston
13.	14	Loughborough			

Source - The Graduate Market in 2013

* Previously classified together as 'London' and ranked 2nd in 2012

Graduate Applications Received in 2012-2013

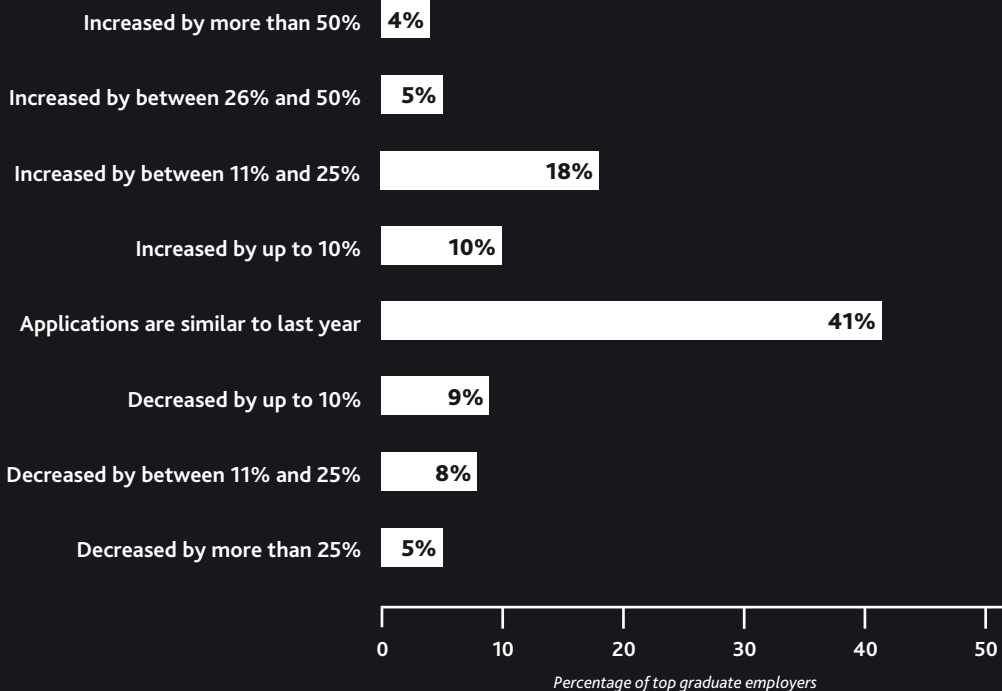
Twelve months ago, research for *The Graduate Market in 2012* showed that graduate job applications to the UK’s leading employers had jumped by an average of 19%, compared with the previous recruitment season and that over half the organisations featured in the research had received more applications from students and recent graduates.

This year’s snapshot of the latest application levels shows a more mixed picture. Although at least a third of organisations have seen a further increase in application numbers, more recruiters have reported that applications in the early months of the 2012-2013 graduate recruitment round have been similar to last year, whilst almost a quarter of employers have received fewer applications so far (see *Chart 4.5*).

Nine organisations – including two major engineering & industrial companies and a City law firm – said that their graduate application levels had risen by more than 25%, a very substantial year-on-year increase. A sixth of employers have received at least 10% more applications compared with this time last year and a further ten organisations reported more modest increases. By contrast, five employers – including two well-known investment banks and a leading high street retailer – have seen their graduate applications fall by more than 25% this year.

Together, these results equate to an average rise in graduate applications of 7%, compared with last year’s recruitment round. Given that the summer update to *The Graduate Market in 2012*, published in June 2012, reported that recruiters received an average of 52 applications per graduate vacancy during the 2011-2012 recruitment season, this latest research suggests that the application rate for 2013 vacancies could be even higher.

Chart 4.5 Graduate Applications Received by Employers in 2012-2013



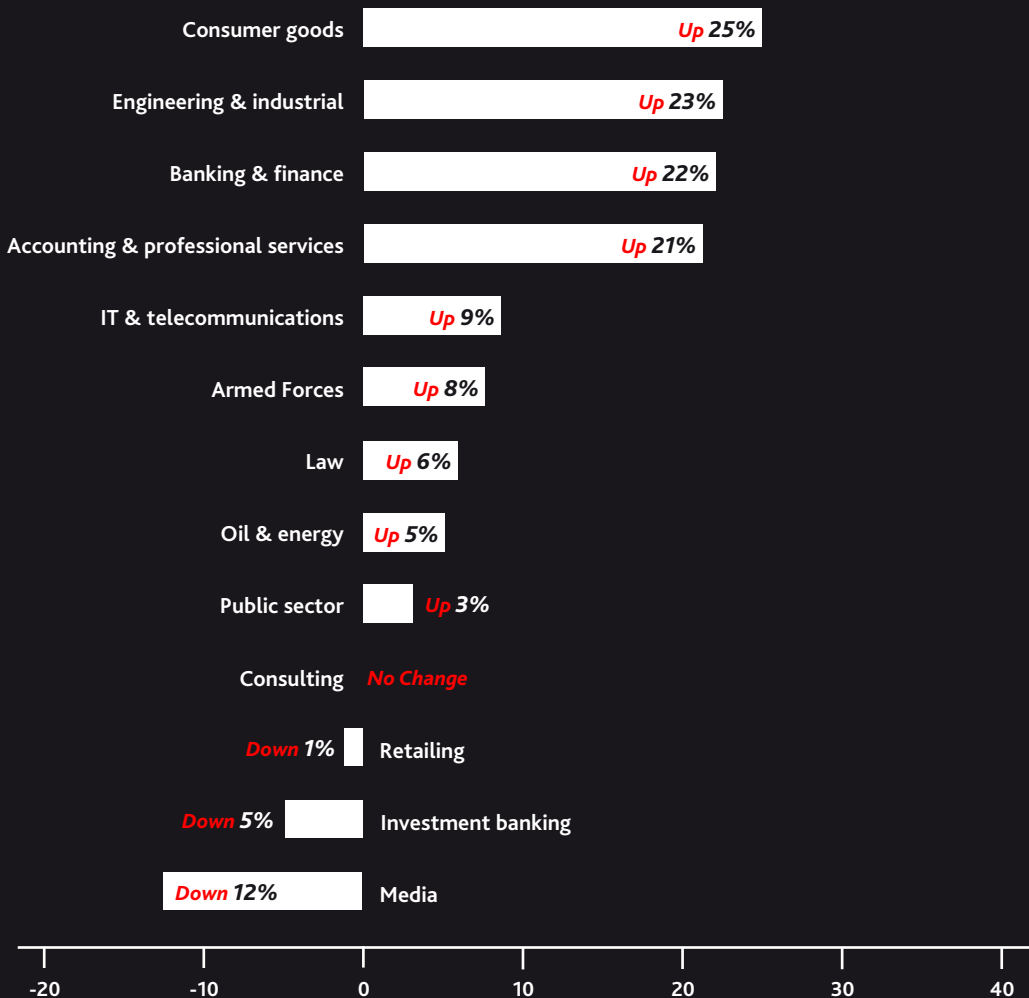
Source - The Graduate Market in 2013

Employers reporting the biggest increases in applications in 2012-2013 are those in the consumer goods, engineering & industrial, banking & finance and accounting & professional services sectors, where graduate applications have increase by an average of at least 20% compared with a year ago (see *Chart 4.6*).

There has been more modest growth in graduate applications for IT & telecommunications companies, the Armed Forces, law firms, oil & energy companies and public sector organisations. But in three sectors – retailing, investment banking and the media – there has been a drop in applications so far this year. Applications to consulting firms are unchanged year on-year.

It is interesting that several of the employers whose application numbers have fallen this year commented that whilst the volume of candidates had decreased, the quality of applicants had improved. Others explained that they had deliberately changed their recruitment marketing in order to discourage unsuitable candidates from making applications to their organisation.

Chart 4.6 Graduate Applications to Employers in 2012-2013, by Sector or Industry



Average percentage change in graduate applications in 2012-2013, compared with 2011-2012

Source - The Graduate Market in 2013

Summary

- Fewer than one in seven employers have **increased** their graduate recruitment budgets for the 2012-2013 recruitment round but **more than a quarter** of organisations have **reduced** their spending on graduate recruitment this year.
- On average, the country's leading employers have been actively marketing their 2013 graduate vacancies at **twenty** UK universities, using a variety of university **careers fairs**, **campus recruitment presentations** and **online advertising**.
- Graduate recruiters have put more emphasis on **social media**, **skills training**, **business games**, **campus presentations**, local **drop-in sessions**, **email services** and **university careers services** during this year's recruitment campaigns, and less emphasis on **advertising** in sector guides, local guides and graduate directories.
- The ten universities most-often targeted by Britain's top graduate employers in 2012-2013 are Warwick, Nottingham, Manchester, Cambridge, Bristol, Durham, Oxford, Birmingham, Bath and Leeds.
- Over a third 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 almost a quarter of organisations reported that they'd had fewer applicants.
- Together, the UK's top employers have received **7% more graduate job applications** so far, compared with the equivalent period in the 2011-2012 recruitment round.

Chapter 5

Work Experience at Graduate Employers

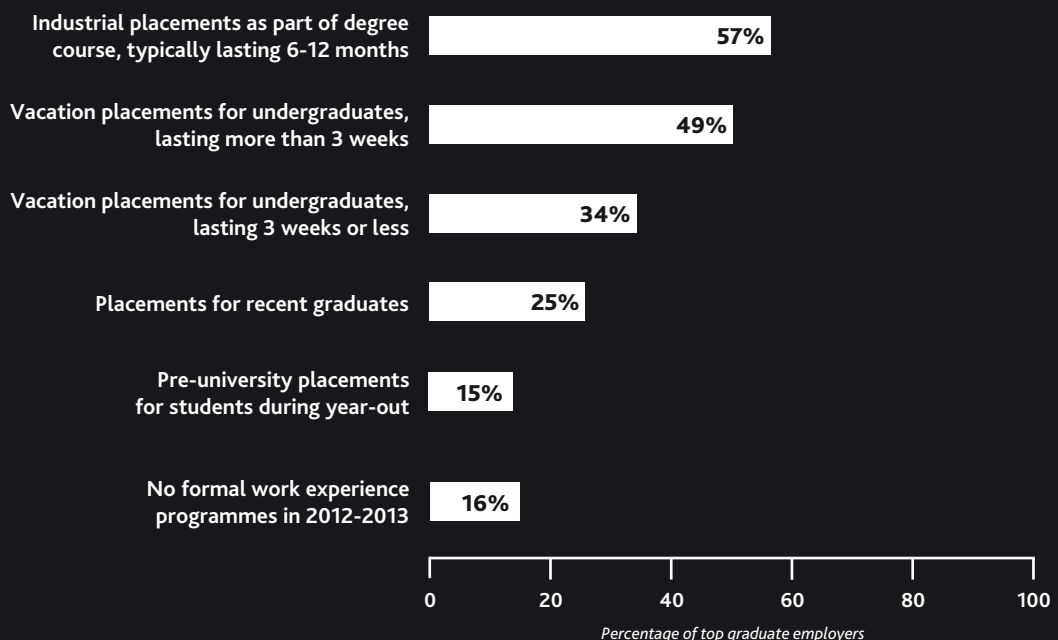
Types of Work Experience on Offer in 2012-2013

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

More than four-fifths of top graduate employers confirmed that they are providing formal work experience programmes for undergraduates and recent graduates during 2012-2013 (see *Chart 5.1*). Over half are offering industrial placements – structured work experience that is organised as part of university degree courses (often described as ‘sandwich’ courses) and typically lasts between six and twelve months, giving students first-hand experience of technical, commercial or research roles.

Half the employers featured in the research are offering placements to students during the university vacations, lasting three weeks or more. These paid internships are generally aimed at penultimate year students and competition for places can be considerable, with graduate recruitment-style selection processes at many organisations. A third of employers are offering shorter vacation experiences and a quarter have placements available for recent graduates.

Chart 5.1 Work Experience on Offer from the UK's Top Employers in 2012-2013



Source - The Graduate Market in 2013

Availability & Value of Work Experience

Britain's top graduate employers are providing a record number of paid internships and work experience placements this year. There are more than 11,300 places on offer to students and recent graduates from the employers featured in the research (see *Table 5.2*), an increase of more than 5% on the number of placements available during 2011-2012.

The City's leading investment banks are offering the largest number of internships this year, with almost 2,800 paid placements and other experiences available. It is interesting that investment banking is one of just two sectors where the number of placements on offer from employers outstrips or matches the number of permanent jobs available to graduates. High street retailers, consulting firms and accounting & professional services firms have the lowest ratio of work placements to graduate jobs, making it harder for students interested in these areas to get direct work experience before they apply for graduate roles.

Graduate recruiters at the organisations featured in the research were asked about the value of work experience when it comes to assessing students' applications for graduate roles. Over half stated that it was either 'not very likely' or 'not at all likely' that a graduate who'd had no previous work experience – either with their organisation or at another employer – would be successful during their selection process and be made a job offer (see *Chart 5.3*). Many recruiters explained 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 organisations look for if they hadn't had any prior work experience at all.

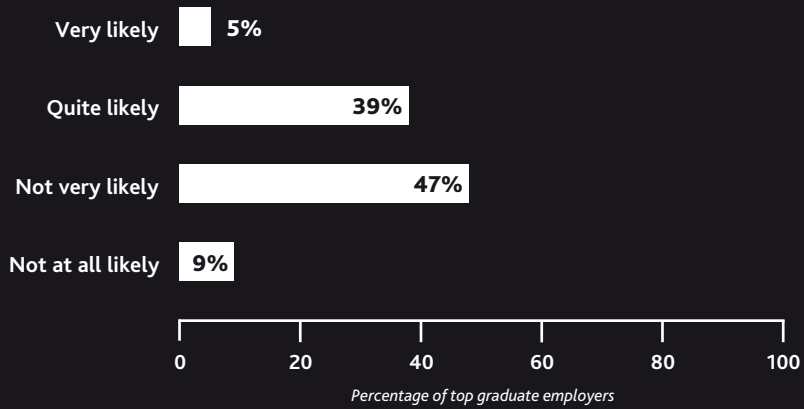
Recruiters estimate that 36% of this year's entry-level vacancies at the leading graduate employers will be filled by applicants who have already worked for the organisation as an undergraduate and in two sectors the proportion increases to more than 50% (see *Chart 5.4*).

Table 5.2 Analysis of Work Experience in 2012-13, by Industry or Business Sector

<i>Industry or Business Sector</i>	<i>Total work experience places available in 2011-2012</i>	<i>Total work experience places available in 2012-2013</i>	<i>% change in places between 2012 & 2013</i>	<i>Ratio of work experience places to graduate vacancies in 2013</i>
Accounting & professional services	1,564	1,756	12.3	46:100
Banking & finance	583	583	0	63:100
Consulting	246	261	6.1	42:100
Consumer goods	267	293	9.7	91:100
Engineering & industrial	755	863	14.3	65:100
Investment banking	2,815	2,785	-1.1	123:100
IT & telecommunications	628	630	0.3	93:100
Law	855	925	8.2	121:100
Oil & energy	462	454	-1.7	80:100
Public sector	1,765	1,795	1.7	67:100
Retailing	427	558	30.7	35:100
ALL SECTORS	10,826	11,387	5.2	67:100

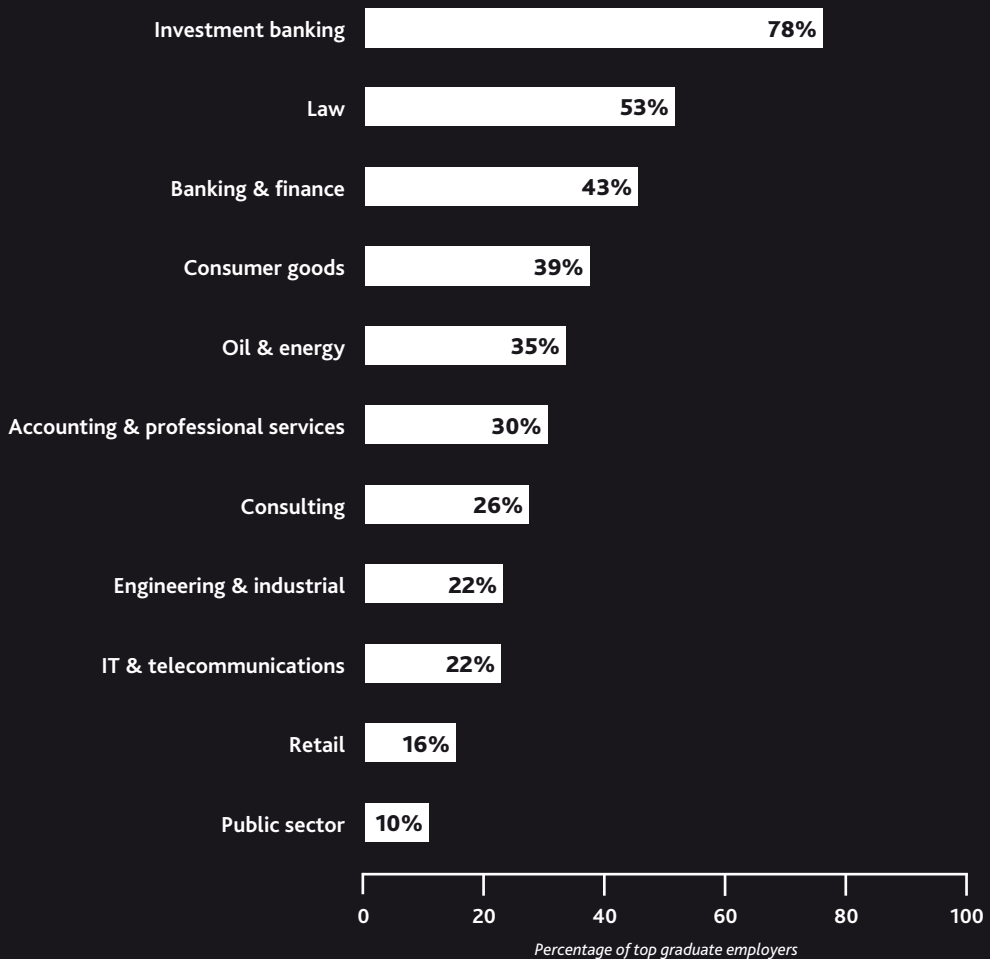
Source - The Graduate Market in 2013

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



Source - The Graduate Market in 2013

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



Source - The Graduate Market in 2013

Summary

- More than **four-fifths** of the UK's leading graduate employers are offering **paid** work experience programmes for students and recent graduates during the 2012-2013 academic year – a record **11,387 places** are available.
- At least **half** of employers are providing **industrial placements** for undergraduates (typically for 6-12 months) and half have **paid vacation internships** lasting more than three weeks.
- Over **half the recruiters** who took part in the research 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.
- **Three-quarters** of the graduate vacancies advertised this year by City **investment banks** and half the training contracts offered by the leading **law firms** are likely to be filled by graduates who have already completed work experience with the employer.