

The AGR Graduate Recruitment Survey 2009

Summer Review

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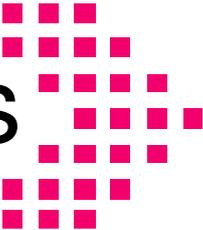
All information contained in this report is believed to be correct and unbiased, but the publisher does not accept responsibility for any loss arising from decisions made upon this information.

Note: Unless otherwise stated, the base used in percentage calculations for this report is the total AGR employer sample group.

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Contents



Executive Summary

Introduction

Methodology
Participation Levels
Participating Organisations

Chapter 1 Graduate Vacancies & Salaries

Introduction
Graduate Vacancies in 2008 and 2009
Vacancies in 2009 by Business Sector
Vacancies by Region
Vacancies by Career Area
Changes in Vacancies by Business Sector
The Outlook for Vacancies 2010
Internships and Work Experience
Recruitment Shortfalls and Challenges in 2009
Graduate Salaries in 2009
Graduate Salaries by Business Sector
Graduate Salaries by Region
Graduate Salaries by Career Area
Expected Changes to Salary Levels in 2010

Chapter 2 Applications, Selection and Assessment

Introduction
Applications to Graduate Employers
The Application Process in 2009
Selection Criteria
Methods of Selection
Acceptance Rates
Quality of Applications

Chapter 3 Graduate Development and Retention

Introduction
Assessing Graduate Development Programmes
Effectiveness of Support Methods for Graduates
Graduate Development Programmes
Graduate Induction Programmes
Graduate Recruits and Professional Qualifications
Placements in Rotation
Contract Types Offered to Graduate Recruits
Retention Rates
Graduates and Flexible Working



Executive Summary

Graduate Vacancies and Salaries

In 2009, graduate vacancies have suffered an unprecedented fall by 24.9%, substantially more dramatic than the decline of 5.4% forecast in the Winter Review. A clear majority of organisations are offering fewer vacancies in the current recruitment season than in the last.

Accountancy, general management and legal work have increased their share of the proportion of total vacancies at AGR members by career area, while the proportion of vacancies which are in investment banking is down. A total of eleven business sectors have registered double-figure percentage vacancy decreases from 2008 to 2009; among the hardest-hit sectors are investment banking, IT, construction and engineering.

The outlook for 2010 is markedly cautious: the majority (53.4%) of members predict similar vacancy levels next year to this, with 22.1% showing restrained optimism and expecting recruitment levels to increase slightly in the coming season.

The difficult economic climate appears to have all but eradicated the problem of recruitment shortfall, with nine-tenths (91.9%) of members expecting all their 2009 vacancies to be filled by the impending close of the season.

The median starting salary paid by AGR member organisations remains unchanged, standing at £25,000 and confirming the Winter Review's figures. Almost three-quarters of respondents say their graduate salary levels have not changed from 2008 to 2009.

The consulting sector bucks the overall trend towards salary conservatism. Here, median starting salaries have increased by 21.6% on 2008 levels. Six sectors, including investment banking, retail and the public sector, report no change from last year to this, while law firms and accountancy/professional services show slight median salary decreases.

Salaries seem set to remain flat in 2010, if the forecast of no change given by almost half (48.5%) of AGR members proves accurate. Another 25.7% will be offering a cost-of-living rise in starting salaries to their graduates. Several organisations where recruitment has been suspended or reduced for the current season indicate that they are hoping to return to something akin to business as usual in 2010.

Applications, Selection and Assessment

The number of hopefuls competing for each available graduate job at AGR employers increased sharply from 2008 to 2009, from 30.7 applications per vacancy in the last Summer Review to 48.8 applications per vacancy in this edition. Almost half (47.7%) of total participants received more than 50 applications for each available vacancy in the current season. Competition has increased particularly noticeably in banking and financial services.

Online applications continue as the dominant application method. The 2.1, meanwhile, appears to be maintaining its position as the graduate recruitment gold standard, despite indications of a tentative trend to the contrary in the last Summer Review.

The popularity of psychometric testing as a method of candidate selection continues to increase, with two-thirds (66.3%) of respondents using it in the recruitment process. Of those AGR members using online self selection / deselection exercises, four fifths make use of verbal reasoning and the same proportion employs numerical reasoning tests.

Job offer acceptance rates and application standards have risen compared to last year. This indicates that graduates feeling the effects of the economic situation are particularly keen to make a good impression and are making more of an effort in order to secure a position. Nevertheless, several recruiters suggest the increased standard was due in part to their improved pre-screening processes and a few more complain that the current economic situation has swelled the pool of average to poor applications.

Graduate Development and Retention

Three-fifths (60.6%) of organisations measure the success of their graduate development programmes, with the most frequently used indicators being retention rates, performance appraisals and feedback from managers.

The most effective systems of support for new graduate employees, in the eyes of AGR employers, are the graduates' own personal support networks.

The two-year graduate development programme remains the most common among member organisations; programmes generally place the greatest emphasis on functional development, well ahead of personal development or general training. Virtually all members run a graduate induction programme.

The significance of professional qualifications within AGR organisations appears to be on the rise. Organisations most frequently support their graduates in studying for these qualifications by covering course fees and expenses and by allocating paid time for study.

Rotation of placements during graduate development programmes is a feature of graduate training at most organisations. Willingness to relocate for placements seems to be slowly increasing, with just under half of employers meeting with no resistance from graduates asked to be mobile. Several organisations attribute this to their having made the programme's demands clear from the outset.

Mean retention rates at AGR member organisations stand at 93% for those recruited to start work in 2008, 74% for graduates recruited in 2006 and 57% for the 2004 cohort. In contrast to last year's Summer Review, a majority of respondents (57.1%) express satisfaction with their organisation's retention of graduates.

Working from home, the chance to reduce or increase working hours, time off in lieu and job sharing are the flexible working arrangements most frequently offered to staff by AGR employers.

Introduction

Introduction

Welcome to The AGR Graduate Recruitment Survey 2009 - Summer Review. The AGR Graduate Recruitment Survey is the definitive study of AGR employer members and their recruitment practices, providing up-to-the-minute insights into the latest graduate market conditions as well as regular benchmarking of key market indicators such as vacancy and salary levels.

As the definitive, leading study of graduate recruitment in the UK, spanning the longest continuous series of recruitment seasons, the survey represents the first port of call for information on graduate recruitment levels, methods and practices among AGR members - an invaluable tool for reviewing and optimising graduate recruitment activities.

Biannual graduate recruitment assessment via the AGR Graduate Recruitment Survey ensures its up-to-the-minute monitoring of the market. As well as reporting on the current state of play in relation to graduate vacancies and salaries, the Summer Review investigates:

- the application and assessment process
- the calibre and quantity of applications made to AGR employers during the 2009 recruitment campaign
- success and acceptance rates
- the provision of graduate development programmes - how they are assessed and how graduates are supported within organisations
- the proportion of graduate recruits retained by employers over the past five years
- participants' views on graduate retention rates and why graduates leave their organisation
- flexible working arrangements offered by AGR employers.

Methodology

The data presented in The AGR Graduate Recruitment Survey - Summer Review was obtained from a survey held between 15 May and 10 June 2009. AGR employers were invited to participate in the survey by email; the email message contained a web-link and password for the individual participant to access the online survey.

The survey contained a range of detailed questions relating to graduate recruitment practices during the 2008 and 2009 recruitment seasons. There was a particular emphasis on graduate vacancies, remuneration, the recruitment process and also on graduate development and retention.

The design of the questionnaire enables employers to analyse data in relation to organisational characteristics such as organisation type, sector, location or with reference to the career areas into which the graduates are recruited.

Participation Levels

trendence Institute invited 347 AGR employers to participate in The AGR Graduate Recruitment Survey 2009. 226 employers completed the questionnaire, giving a response rate of 65%. These respondents between them will employ a total of 12,650 graduate recruits in 2009.

Participating Organisations

A

Abbey
 Accenture
 ADT Fire & Security
 Affinity Sutton
 Airbus
 Aker Solutions E&C Ltd
 AkzoNobel
 Allen & Overy LLP
 Allianz Insurance Plc
 AMEC Natural Resources
 American Express
 Amey
 Arriva plc
 Arup
 ASDA
 Ashurst LLP
 Atkins
 Audit Commission
 Aviva (formerly Norwich Union)
 AXA Investment Managers
 AXA UK

B

Baillie Gifford
 Baker and Mckenzie
 Bakkavor
 Balfour Beatty
 BAM Construct UK Ltd
 BAM Nuttall Ltd
 Bank of America Merrill Lynch
 Bank of England
 Barclays
 Barclays Capital
 Barratt Developments PLC
 BDO Stoy Hayward
 Bechtel Limited
 Bircham Dyson Bell
 Blackrock
 Bloomberg
 BNP Paribas Real Estate
 Bond Pearce LLP
 Boots
 Bovis Lend Lease
 BP
 British Sugar
 British Energy
 Brodies LLP
 BT

C

Cadbury UK
 Cancer Research UK
 Capital One
 Caterpillar (Perkins Engines)
 CFE Ltd

CHP Consulting
 Citi
 Civil Service Fast Stream
 Clifford Chance LLP
 Clyde & Co LLP
 Commerzbank AG
 Corus
 Costain
 Credit Suisse
 Crown Packaging UK plc
 Cummins

D

Danone
 Davies Arnold Cooper
 Davis Langdon
 Dechert LLP
 Denton Wilde Sapte LLP
 Department for Work and Pensions
 Detica
 DHL Supply Chain
 Diageo plc
 Dixon Wilson
 DLA Piper UK LLP
 Dresdner Kleinwort
 DSG International plc
 DTZ

E

E.ON UK
 EC Harris
 Ecclesiastical Insurance Group
 Ener.g
 Enterprise Rent-A-Car
 Ernst & Young
 Eversheds
 Explore Learning

F

FactSet
 Fidelity International
 Filtrona plc
 Financial Services Authority
 Fortis Investments
 Freshfields Bruckhaus Deringer
 Fujitsu Services

G

Gifford & Partners Ltd
 GlaxoSmithKline
 Google UK Ltd
 Graduate Recruitment Bureau
 Grant Thornton



H

H J Heinz
 Halcrow Group Ltd
 Halliwells LLP
 HAT Group of Accountants
 HBOS Plc
 Henderson Loggie
 Hewitt Associates
 Hiscox
 HM Prison Service
 HM Treasury
 HMRC
 Home Retail Group
 Horwath Clark Whitehill

I

IBM UK Ltd
 ICAP
 Infosys Technologies Ltd
 Innocent Drinks
 Interfleet Technology Ltd

J

Jacobs Engineering UK Limited
 Jaguar Land Rover
 John Lewis
 Johnson Matthey
 Jones Day

K

Kent County Council
 Kerry Foods Ltd
 Kirkland & Ellis International LLP
 KPMG

L

Laing O'Rourke
 Lex
 Linklaters LLP
 Lloyd's
 Lloyd's Register
 Lloyds TSB
 Logica
 L'Oreal
 Lovells LLP

M

M&G Limited
 Macfarlanes LLP
 Macquarie
 Marks and Spencer plc
 Marriott Hotels International
 MBDA UK
 McDonald's
 McKinsey & Company
 Microsoft
 Mills & Reeve LLP

Moore Stephens LLP
 Morgan Stanley
 Motability Operations plc
 Mott MacDonald
 Mouchel

N

Nabarro
 Nakheel PJSC
 National Audit Office
 National Express
 National Grid
 National Leadership and Innovation Agency for
 Healthcare (NLIH), NHS Wales
 National Nuclear Laboratory
 Nationwide Building Society
 Nestle
 Network Rail
 NG Bailey
 NGDP - Local Government
 NHS Institute for Innovation and Improvement
 NHS Scotland
 Northern Foods
 Norton Rose LLP

O

Olswang
 Oracle
 Osborne Clarke

P

Pilkington Group Limited
 PricewaterhouseCoopers
 Procter & Gamble UK
 PSA Peugeot Citroen

R

RBC Capital Markets
 Reckitt Benckiser
 Reed Smith
 Reynolds Porter Chamberlain LLP
 RM
 Rolls-Royce plc
 Royal Bank of Scotland Group
 Royal Mail Group
 RSA
 RWE npower



S

Saffery Champness
Sainsbury's
Sanctuary Group
Scott Wilson
Scottish Water
ScottishPower
SELEX Galileo
Sellafield Ltd
Shell
Shepherd Construction
Siemens Industrial Turbomachinery
SIG Plc
Simmons & Simmons
SJ Berwin LLP
Skanska UK
Sky
Slaughter & May
Smiths News
Standard Bank
Standard Chartered Bank
Standard Life PLC
Stephenson Harwood
Swiss Re

T

Tate & Lyle
Taylor Wessing LLP
Technip UK Ltd
Tesco Stores Limited
The Co-operative
The Institute of Chartered Accountants of Scotland
TLT LLP
TNS
Towers Perrin
Transport for London
Trowers & Hamlins
Tube Lines

U

UBS
Unilever UK Ltd
United Utilities

V

VT Group plc

W

Waitrose
Wates Group
Watson, Farley & Williams LLP
Westinghouse Rail Systems Limited
Wolseley

Y

Yorkshire Water

Z

Zurich Financial Services

* The Training and Development Agency for Schools does not participate in the survey in order to prevent distortions due to the large numbers of graduates it recruits into teacher training each year. An information box on page 21 gives more information about recruitment levels at The Training and Development Agency for Schools.

1

Chapter 

Graduate
Vacancies
& Salaries

Graduate Vacancies and Salaries

Introduction

This opening chapter of The AGR Graduate Recruitment Survey 2009 - Summer Review provides a comparative analysis of actual graduate recruitment and salary levels experienced in 2008 and those for the current 2009 recruitment season.

Provision in the questionnaire for breakdowns of recruitment in respondents' organisations allows the data to be analysed according to geographical location, business function and industry sector. This approach enables employers whose recruitment activities specialise in specific industry sectors, or are regionally focussed, to extract from the survey the data most relevant to them. Likewise, the questionnaire asked about salaries both as an overall average, where this existed and broken down by geographical location and career area. This permits the identification of significant differences in salary levels according to location or career area.

Please note: The predicted changes in vacancy levels between 2008 and 2009 are based on the responses of employers who, in the AGR Recruitment Survey 2009, provided vacancy level data for both 2008 and 2009.

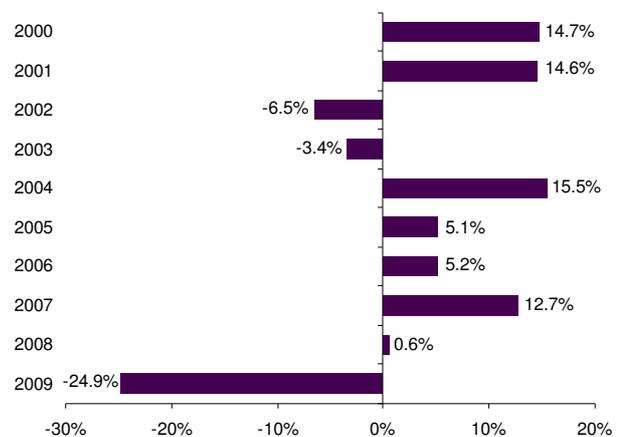
As particularly high or low salaries can distort the average levels, the survey uses the median value to compare salary levels. Throughout this section, the median value has been calculated by taking the mid-point value salary for vacancies (i.e. all vacancies offered by AGR members participating in the survey - 12,650 in total), rather than the mid-point of the 226 organisations' salaries.

For example, to determine the median salary for five different employers who are offering 25 vacancies between them, the median salary is calculated to be the 13th highest salary (the mid-point) of the 25 individual vacancies, not the 3rd highest salary from the five employers. Additionally, the salary tables occasionally present the upper and lower quartiles, in order to illustrate the spread, or range, of responses. The median is the 50th percentile, the upper quartile is the 75th percentile and the lower quartile is the 25th percentile.

Graduate Vacancies in 2008 and 2009

We begin this report with a startling finding: graduate recruitment at AGR members, already predicted in the Winter Review 2009 to decline by 5.4% this year, will slump by a massive 24.9% this recruitment season. As Chart 1.1 demonstrates, this scale of decline is unprecedented in the AGR Survey in its present form. Indeed, it approaches levels seen in the recession year 1991, when, according to AGR surveys conducted at the time, vacancies fell by 32%. The current picture is also substantially worse than the modest 5.4% vacancy reduction forecast in the Winter Review. Clearly the downturn is proving very challenging for many employers.

1.1 Graduate vacancy changes at AGR employers 2000-2009



Percentage increase or decrease in vacancies on the previous year

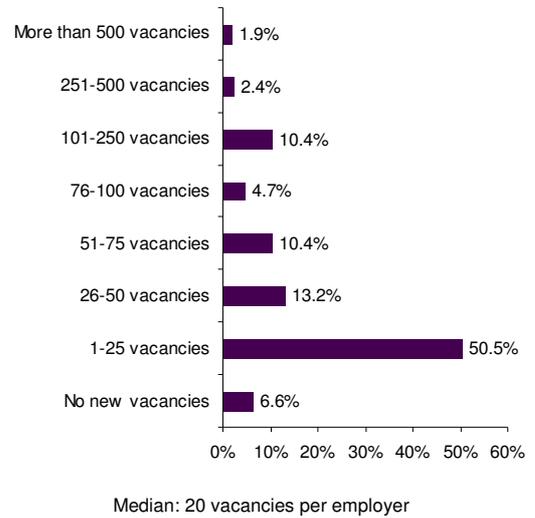
This bleak situation is reflected once again in the details, presented in Chart 1.2, of how AGR members have changed their graduate vacancy levels from 2008 to 2009. In sharp contrast to previous, more buoyant years, a majority of organisations overall (62.7%) are offering fewer vacancies this recruitment season than they did last year. However, this figure is somewhat tempered by the fact that the largest group of these, 27.8% overall, are reducing by between 1 and 10 vacancies. No changes in recruitment levels are reported by 16.5%, while only a fifth altogether (20.7%) are increasing recruitment.

1.2 How AGR employers have changed their graduate vacancy levels 2008 to 2009



The above figures inevitably translate into a reduction in numbers of graduate vacancies per employer. Chart 1.3 shows that half (50.5%) of AGR members report between 1 and 25 vacancies in their organisation in the current recruitment season. Over one in twenty (6.6%) have no new vacancies and just 14.7% of responding organisations are able to take on more than 100 graduates. The median number of vacancies per employer has plummeted, from 35 in 2008 to just 20 now.

1.3 Graduate vacancies at AGR employers in 2009



Vacancies in 2009 by Business Sector

Although some sectors have been harder hit than others by the economic shocks of the past 12 months, there appear to have been few changes in the proportions of vacancies among the various sectors. Accountancy or professional services firms and the banking or financial services industry continue to supply the highest proportions of graduate vacancies, at 24.4% and 13.6% respectively, figures not so different from those in the Winter Review. It is, however, notable that the percentage of vacancies contributed by engineering or industrial companies has tumbled into single figures, standing now at 7.5% compared to 10.1% in the Winter Review, while both law and the public sector have increased their share of vacancies and risen from sixth and seventh in the Winter Review to third and fourth in Table 1.4.

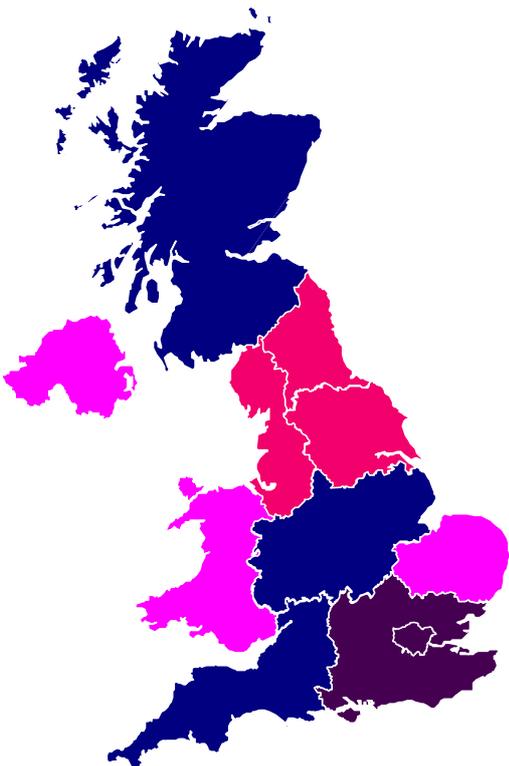
Sector	% of total vacancies
Accountancy or professional services	24.4%
Banking or financial services	13.6%
Law firm	9.4%
Public sector	8.6%
Engineering or industrial	7.5%
Transport or logistics	7.0%
Investment bank or fund managers	5.5%
Consulting or business services	4.8%
Retail	4.7%
Construction company or consultancy	4.2%
Energy, water or utilities	2.0%
FMCG	1.7%
IT	1.1%
Insurance	0.6%
Other	4.7%

Vacancies by Region

Not even these turbulent times impact on the geographical distribution of recruitment levels. As Table 1.5 demonstrates, London is again providing close to half (49.0%) of graduate vacancies at AGR members, with the South East supplying another tenth (10.7%). The Midlands, Scotland and the South West - the latter two outstripping the North West this year - follow. Vacancies in Europe have dropped from 4.2% in the Winter Review and 4.5% in the 2008 Summer Review to just 1.4% of the total: it seems that international recruitment from UK offices has largely fallen victim to the downturn.

Table 1.5 - Vacancies at AGR employers by region in 2009

	% of total vacancies
London	49.0%
South East	10.7%
The Midlands	9.3%
Scotland	6.3%
South West	5.9%
North West	5.6%
Yorkshire	3.6%
North East	3.2%
East Anglia	2.2%
Wales	1.2%
Northern Ireland	0.8%
Europe	1.4%
Ireland	0.5%
Asia	0.3%



Vacancies by Career Area

We gain an acute insight into the effects of the crisis on the opportunities available to graduates by looking at the detailed figures for proportions of graduate vacancies by career area (Table 1.6). Accountancy jobs are always at the top in terms of numbers of vacancies at AGR members. They represent almost a quarter (24.7%) of 2009's graduate vacancies rather than the fifth (Winter Review: 19.4%) seen in 2008. Investment banking, however, has fallen from second to fourth place, with just 7.8% of vacancies. By contrast, general management has moved into a clear second place; 13.9% of 2009 vacancies at AGR employers are in this field. Legal work supplies a tenth of vacancies, as compared to 7.2% in the Winter Review.

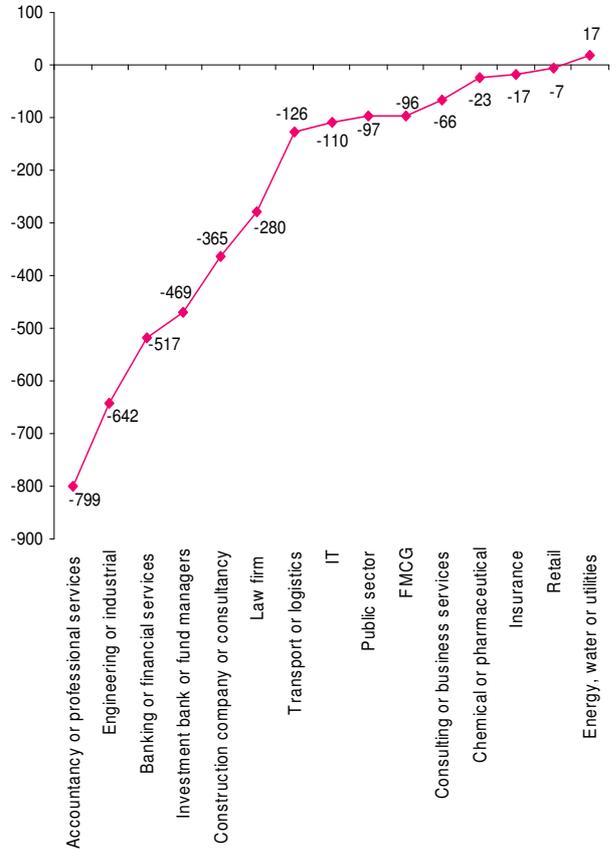
Table 1.6 - Vacancies at AGR employers by career area in 2009

	% of total vacancies
Accountancy	24.7%
General management	13.9%
Legal work	10.0%
Investment banking	7.8%
Consulting	5.4%
IT	5.0%
Civil engineering	4.3%
Retail management	3.2%
Financial management	2.8%
Mechanical engineering	2.4%
Electrical/electronic engineering	2.3%
Sales	2.0%
Human resources	1.6%
Actuarial work	1.1%
Science	1.1%
Marketing	1.0%
Logistics	0.9%
Manufacturing engineering	0.8%
Research and development	0.7%
Purchasing	0.6%
Other career area	8.4%

Changes in Vacancies by Business Sector

We need look no further than Charts 1.7 and 1.8 to obtain a literally graphic picture of the effects of the economic crisis on graduate recruitment. Only one lone sector - energy, water and utilities, a relatively small recruiter of graduates - has increases in vacancies for university leavers from 2008 to 2009. All others have seen recruitment levels shrinking in the current season, often dramatically, with reductions in almost all cases surpassing the fears expressed in the Winter Review. The IT, construction and engineering sectors, as well as investment banking, are reeling from vacancy declines in excess of 40% - a particularly tough situation for engineering, which as recently as the last Winter Review was anticipating growth in vacancies this season, but has in fact experienced a two-fifths reduction. A total of eleven sectors register percentage vacancy decreases in double figures and eight have suffered drops amounting to hundreds of recruits. Even accountancy, which, as reported above, has increased its share in terms of the total vacancies at AGR members, is taking the hit, with vacancies for 2009 down by 20.6% on 2008 levels, representing a fall in absolute numbers by 799 recruits.

1.8 Change in vacancies in absolute numbers 2008 to 2009 by sector



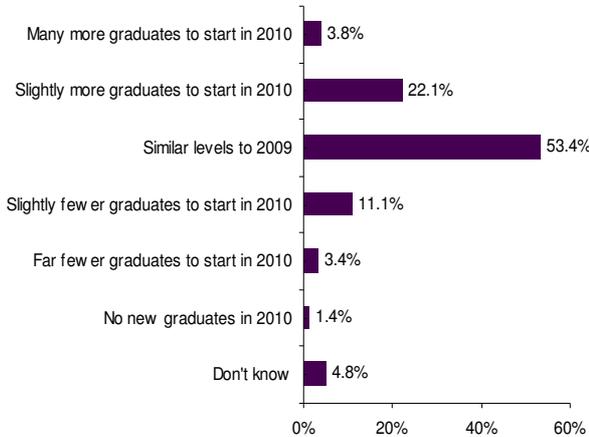
Sector	% change
Energy, water or utilities	7.1%
Retail	-1.2%
Public sector	-8.1%
Consulting or business services	-9.8%
Transport or logistics	-12.4%
Insurance	-18.5%
Law firm	-19.1%
Accountancy or professional services	-20.6%
Banking or financial services	-23.1%
Chemical or pharmaceutical	-25.6%
FMCG	-30.6%
Investment bank or fund managers	-40.2%
Engineering or industrial	-40.5%
Construction company or consultancy	-40.6%
IT	-44.5%

Please note: This percentage change cannot be used as an indicator of changes in absolute numbers of vacancies. Some business sectors have been omitted due to insufficient data producing misleading results.

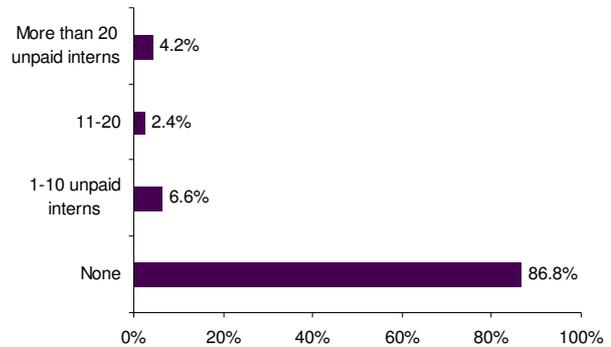
The Outlook for Vacancies in 2010

It seems that overall, AGR members are not expecting things to get a great deal better in 2010. Looking on the bright side, recruiters are not anticipating such continued worsening as has occurred this year. A majority (53.4%) predict graduate vacancy levels in 2010 to be similar to those currently seen (see Chart 1.9). A good fifth (22.1%) are cautiously optimistic, forecasting slightly higher levels of recruitment next season, while half as many (11.1%) expect another fall, albeit only a slight one. Only a small percentage of recruiters predict either another harsh recruitment cut or a dramatic recovery at their organisation (3.4% and 3.8% respectively). Given the opportunity to offer comments relating to 2010, several organisations told us that although recruitment has been suspended or reduced for the current season, their hopes are that there will be a return to something approximating business as usual in 2010.

1.9 Expected changes in graduate vacancy levels in 2010



1.11 Number of unpaid interns 2008

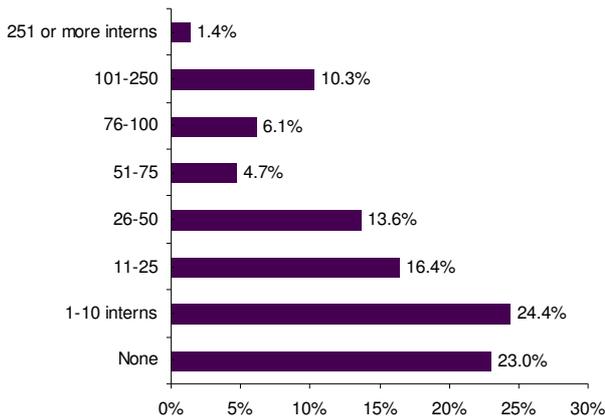


Median intern pay is £300 per week, representing a tiny reduction on the £302 reported in the 2008 Summer Review. As Chart 1.12 indicates, the largest proportion of organisations are those which pay their interns between £251 and £300 weekly.

Internships and Work Experience

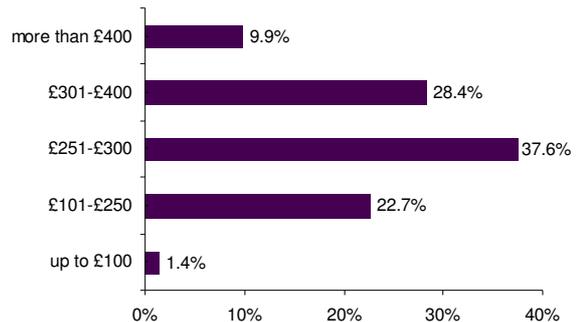
The number of paid interns seems relatively unaffected by the downturn. Chart 1.10 shows that around a quarter of respondents (23.0%) do not employ any and about the same proportion take on between 1 and 10 paid interns (24.4%); in other words, the majority of AGR recruiters have more than 10 paid interns in their organisations within a year. Internships may be seen as a relatively cost-effective way of engaging potential graduate talent with a future recruitment upturn in mind.

1.10 Number of paid interns 2008



Unpaid internships continue to be few and far between at AGR employers; with 86.8% of survey participants indicating that they do not offer these (refer to Chart 1.11).

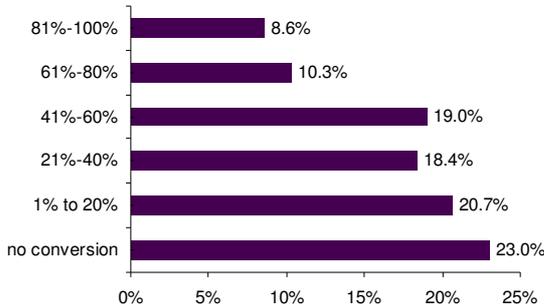
1.12 Intern pay



Median: £300 per week
Base: Those AGR employers who employ paid interns

The world of internships has not remained entirely untouched by the crisis. Conversion rates of interns to graduate recruits, i.e. the proportion of interns who go on to take up a graduate position with the organisation, have clearly suffered. While last year's Summer Review saw just 11.3% of organisations reporting a zero conversion rate, we now have almost a quarter (23%) of organisations converting no interns to recruits. Furthermore, almost a quarter of recruiters (23.3%) last year converted 61% or more of their interns into staff, whereas this year the proportion is lower, at just one fifth (18.9%; refer to Chart 1.13). One employer states simply that 'we are encouraging our interns to stay in education' – evidently in the hope of recruiting some of them after the end of the downturn, retaining their loyalty and gaining more highly qualified graduates into the bargain.

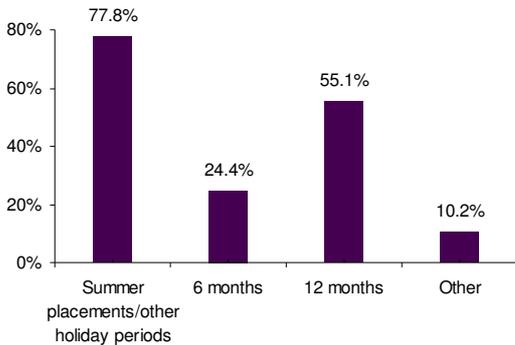
1.13 Conversion of interns to graduate recruits



Base: Those AGR employers who have paid or unpaid interns

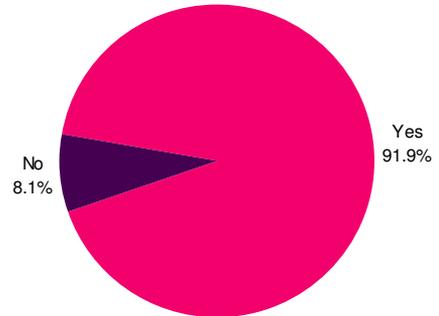
The summer internship continues to reign supreme in the assortment of placement types on offer. Chart 1.14 demonstrates that 77.8% invite students to complete such placements in their organisation, while 55.1% accept placement students for 12 months. Six-month and other types of placements continue to be only infrequently used.

1.14 Placement types offered

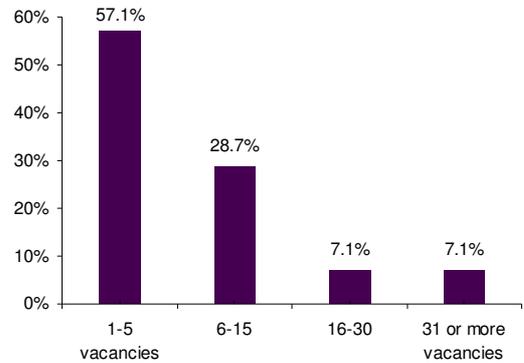


Base: Those AGR employers who have paid or unpaid interns

1.15 Proportion of AGR employers who anticipate filling all vacancies in 2009



1.16 Expected numbers of unfilled vacancies



Base: Those AGR employers who don't expect to fill all vacancies

Recruitment Shortfalls and Challenges in 2009

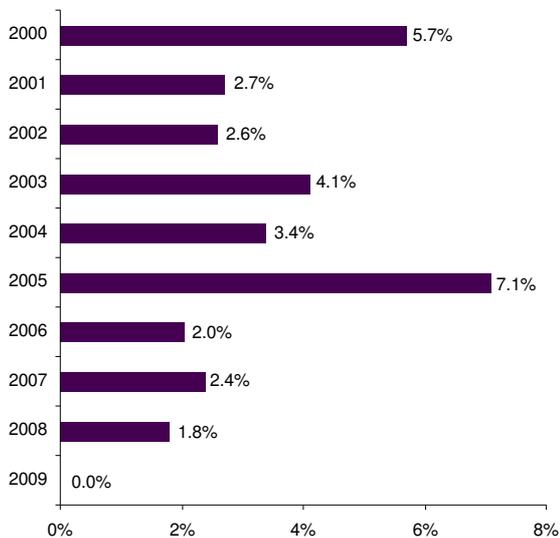
The turbulent economy, along with its plethora of negative effects on organisations, has created the benefit of almost eliminating the perennial problem of recruitment shortfall. In startling contrast to previous survey years, Chart 1.15 shows an overwhelming nine-tenths (91.9%) of graduate recruiters anticipating that they will fill all their graduate vacancies in 2009. Of that small number of employers who do not expect to fill all their vacancies, the majority (57.1%) predict a shortfall of only 1 to 5 graduates (refer to Chart 1.16).

Graduate Salaries in 2009

As Chart 1.17 shows, the Winter Review's prediction of stagnation in starting salaries at AGR members in 2009 has proved accurate. Unsurprisingly, in view of the dramatic vacancies situation detailed above, the median salary paid to new graduate recruits remains unaltered, at £25,000. A majority (57.7%) of members are offering their new employees salaries in the £22,001 to £27,000 bracket (see Chart 1.18).

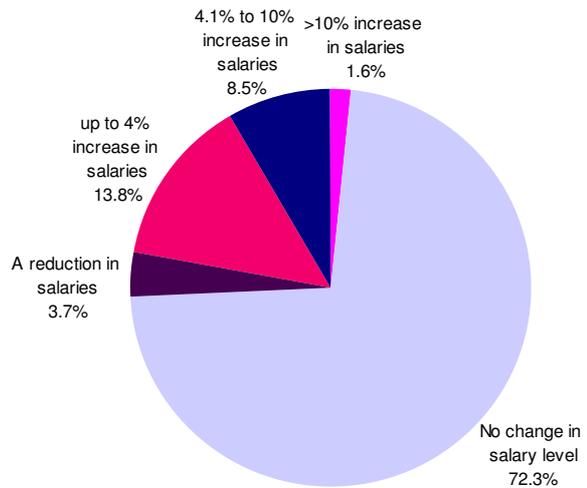
Chart 1.19 bears witness to the fact that AGR members are acting very conservatively with regard to salaries in the current climate: almost three-quarters (72.3%) report no change in their graduate salary levels from 2008 to 2009. A significant 3.7% of employers have reduced salaries this year. Only 1.6% of graduate recruiters are awarding starting salaries in excess of 10% above 2008 levels.

1.17 Changes in median graduate starting salaries at AGR employers 2000-2009



Percentage increase or decrease in vacancies on the previous year

1.19 Graduate salary level changes 2008 to 2009



1.18 Graduate starting salaries at AGR employers in 2009



Graduate Salaries by Business Sector

Chart 1.20 and Table 1.21 detail the salary situation by sector. The top three sectors in terms of salary levels are all paying median starting salaries in excess of £30,000. These are law firms (median £37,000), investment banks or fund managers (£36,000) and the consulting or business services sector (some way behind at £31,000).

Despite their reduction in vacancies, consulting and business services have seen a 21.6% jump in median starting salaries. A modest increase - to £29,050 - is even observable in the hard-hit banking/financial services sector, in which an 8.9% drop had been anticipated in the Winter Review. Law firms and accountancy/professional services have reduced their median graduate salaries, while no change is reported by six sectors, including investment banking and the public sector. Incidentally, the median for the latter once again corresponds to the overall median salary paid to graduates starting out at AGR employers.

1.20 Median starting salaries by sector in 2009

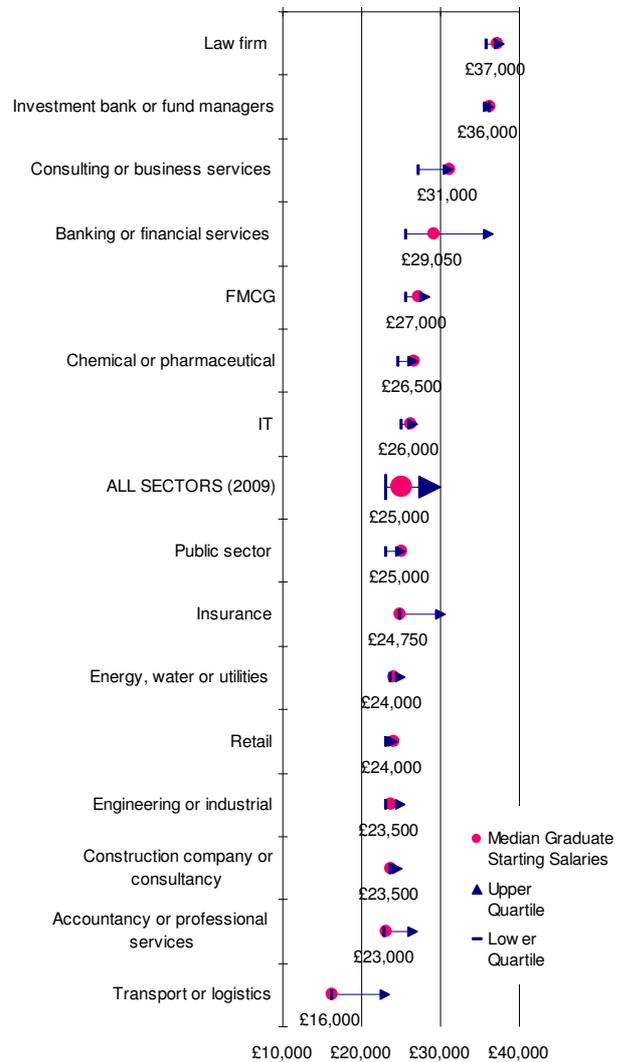


Table 1.21 - Changes in salaries 2008 to 2009 by sector

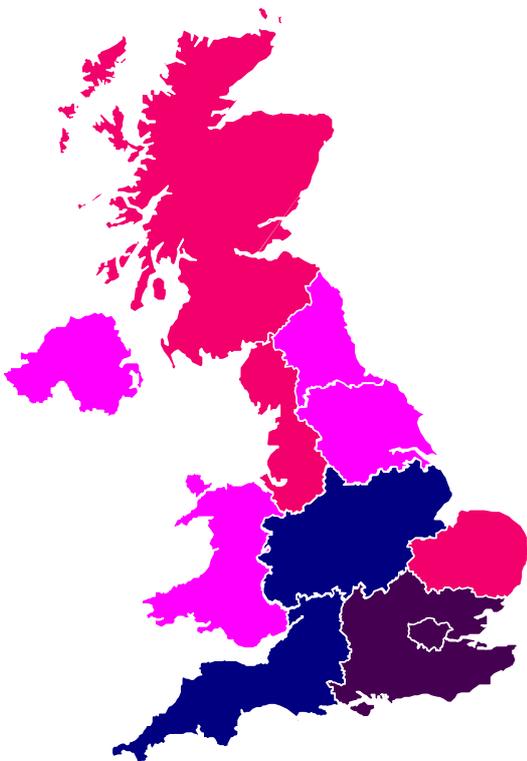
Sector	% change in median starting
Consulting or business services	21.6%
IT	4.0%
Insurance	3.1%
Engineering or industrial	2.2%
FMCG	1.9%
Banking or financial services	0.2%
Construction company or consultancy	0.0%
Energy, water or utilities	0.0%
Investment bank or fund managers	0.0%
Public sector	0.0%
Retail	0.0%
Transport or logistics	0.0%
Law firm	-1.1%
Accountancy or professional services	-3.0%

Graduate Salaries by Region

Not for the first time, London tops the median salary table with £29,000 (see Table 1.22). Once again, the South East follows, but with a considerable gap. The South West follows in turn closely, with £23,500. The very high median for AGR members' vacancies in Europe can be attributed to a proportionally high level of recruitment for Europe-based roles among banking and financial institutions.

Table 1.22 - Starting salaries by geographical location in 2009

	Median	Upper Quartile	Lower Quartile
London	£29,000	£36,000	£27,000
South East	£24,425	£25,000	£23,000
South West	£23,500	£25,000	£22,938
The Midlands	£23,140	£26,000	£22,500
North West	£23,000	£25,000	£20,583
Scotland	£23,000	£25,000	£20,000
East Anglia	£23,000	£24,089	£20,000
Yorkshire	£23,000	£24,000	£20,000
North East	£23,000	£24,000	£20,000
Wales	£21,000	£23,000	£16,000
Northern Ireland	£20,166	£23,000	£13,000
Ireland	£23,000	£23,000	£23,000
Europe	£42,000	£42,000	£28,400



Graduate Salaries by Career Area

When it comes to job types or career areas which pay the highest median salaries, investment banking and legal work share the top spot, with medians of £37,000. Consulting follows, some way behind, while R&D has shot up the table since the last edition and now commands a median of £28,000, level with IT and sales. By contrast, accountancy has taken a tumble from joint sixth in the last Winter Review to second from bottom in Table 1.23.

Table 1.23 - Median starting salaries by career area in 2009

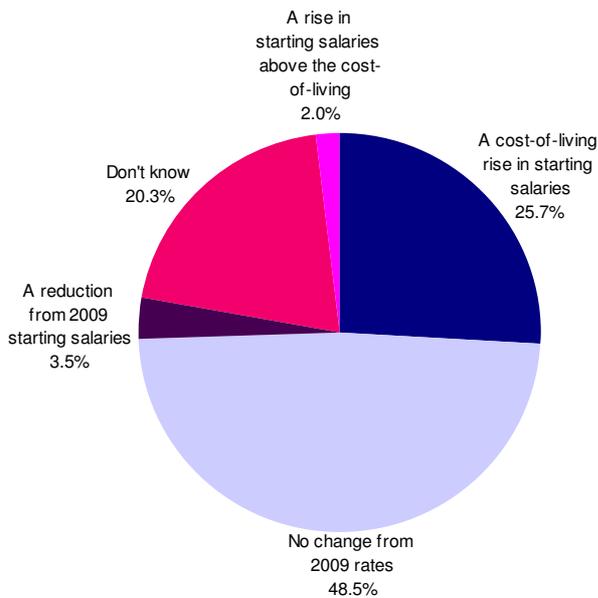
	Median Salaries	Upper Quartile	Lower Quartile
Investment banking	£37,000	£40,000	£36,000
Legal work	£37,000	£38,000	£35,000
Consulting	£31,000	£31,000	£27,000
Research and development	£28,000	£40,000	£25,076
IT	£28,000	£35,000	£23,750
Sales	£28,000	£29,000	£22,000
Financial management	£27,000	£29,000	£24,000
Manufacturing engineering	£27,000	£27,000	£26,000
Actuarial work	£26,000	£29,000	£25,000
Marketing	£25,500	£27,500	£24,000
Logistics	£25,000	£27,000	£23,000
Mechanical engineering	£25,000	£26,000	£23,500
Electrical/electronic engineering	£24,488	£25,076	£23,500
Purchasing	£24,000	£26,000	£23,000
Civil engineering	£24,000	£25,000	£23,000
Science	£24,000	£24,500	£22,000
Human resources	£23,000	£27,000	£23,000
Retail management	£23,000	£24,000	£23,000
Accountancy	£22,500	£26,500	£22,500
General management	£20,000	£23,500	£16,000

Expected Changes to Salary Levels in 2010

Whether continued intense competition for vacancies or financial caution among recruiters is the main restrictive factor, salary stagnation looks set to continue. Almost half (48.5%) of AGR members envisage no change in salary levels from 2009 rates. A quarter (25.7%) will ease pressure on their debt-burdened graduates by providing a cost-of-living rise. Only 2% of graduate recruiters foresee a rise above inflation.

As Chart 1.24 also illustrates, a fifth of members (20.3%) prefer not to give a prediction in these uncertain times.

1.24 Predicted changes to graduate starting salaries at AGR employers in 2010

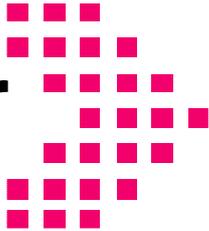


Recruitment of Teachers

Recruitment into teaching is not included in the report figures. Before a graduate gains qualified teacher status (QTS), a postgraduate programme of initial training, normally of one year, has to be satisfactorily completed. The Training and Development Agency for Schools (TDA) promotes teaching as a career and recruits graduates into initial teacher training (ITT) programmes. ITT can be employment-based, in schools, or in a higher education institute, typically following a PGCE programme. A further group gain QTS at the end of a longer undergraduate programme from which they can go straight into teaching, mostly primary. In November 2008, in its most recent annual census on graduate recruitment into ITT, the TDA reported that over 38,200 new trainees entered, or were forecast to enter teacher training this academic year, of whom around 30,000 are graduates. Similar numbers of graduate trainee teachers are sought this year. With overall enquiry levels up 20% and cumulative applications across all subjects 26% higher than at the same time last year, most, if not all, targets are expected to be met.

Details of teachers' pay can be found at: www.teachernet.gov.uk/management/payandperformance/pay

2

Chapter 

Applications,
Selection
and
Assessment

Applications, Selection and Assessment

Introduction

While key objectives of The AGR Graduate Recruitment Winter Review is to assess the techniques used by AGR members to attract and recruit graduates, in the summer edition the first special focus is on the application process, assessing and then selecting graduates. The study has delved into questions about the number of applications received for graduate vacancies during the 2009 recruitment season; the organisational framework and the nature of the selection process, such as selection criteria, success and acceptance rates; and the time taken to process applications.

Reporting Application Figures & Sector Recruitment

Our reporting of application figures in particular should always be read in the context of the diversity of AGR members and their graduate recruitment practices, which vary widely from sector to sector. An obvious example is law firms, where recruitment lead times of two years are standard. The timing of law firm recruitment (as with certain other individual organisations) also means that the timing of the survey field period is not entirely conducive to gathering data for some specific questions such as application numbers.

The AGR Recruitment Survey is researched and completed in effect during recruitment season, although this is drawing to a close at the time of the Summer Review; numbers, therefore, may not be final.

Applications to Graduate Employers

Unsurprisingly, competition for each available vacancy is becoming increasingly intense due to drastic reductions in numbers of graduate vacancies. The mean of 'just' 30.7 applications per vacancy a year ago is dwarfed by this edition's mean of 48.8 applications for each vacancy. Almost half (47.7%) of survey respondents in total are being inundated with more than 50 applications for each available graduate job (see Chart 2.1). The corresponding figure in the 2008 Summer Review was just 25%.

2.1 Applications per graduate vacancy received by AGR employers in 2009

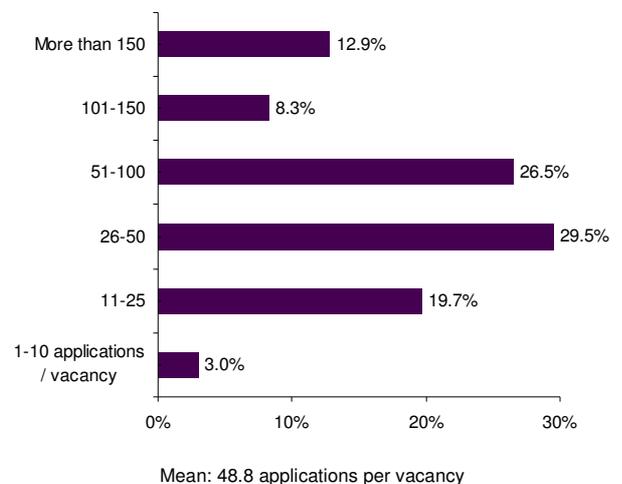
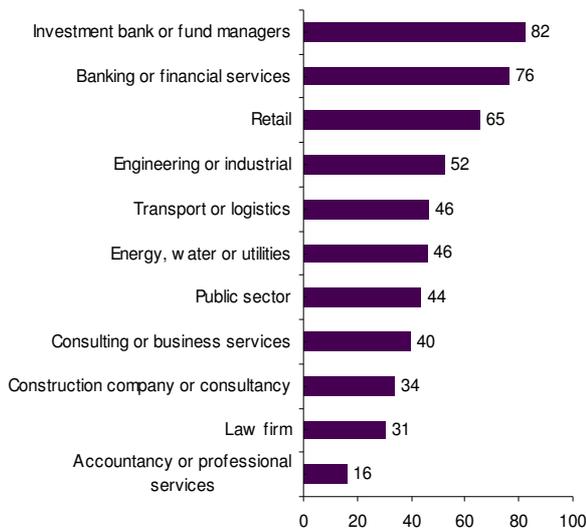


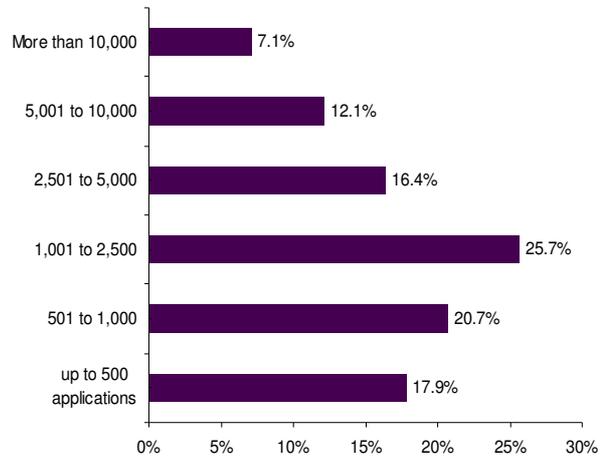
Chart 2.2 provides details of numbers of applications per vacancy according to business sector. Inevitably, in view of the vacancies squeeze in these areas, there has been a sharp rise in competition for jobs in the banking and financial services sector - from 34 applications per graduate vacancy in 2008 to a massive 76 in 2009 - as well as with investment banks or fund managers (from 57 applications per vacancy in the last Summer Review to 82 in this edition). Competition in retail (from 47 to 65 applications per vacancy) and the engineering/industrial sector (from 32 to 52) has also risen markedly. Consulting or business services, showing just eight applications per vacancy in last year's Summer Review, has now hotted up considerably, with 40 candidates fighting it out for each available vacancy. A more modest rise in applications per vacancy is observable at law firms (from 26 to 31). Competition for vacancies at accountancy/professional services firms has even slowed very slightly: applications per vacancy ran at 18 in the 2008 Summer Review while the figure this time round stands at 16.

2.2 Applications per graduate vacancy to AGR employers in 2009 by sector



In Chart 2.3, we see the total numbers of applications received by AGR members this recruitment season. Compared to last year, there has been a fairly sharp fall in the proportion of survey participants receiving up to 500 applications. The latest figure is 17.9% this year, demonstrating volumes close to those of 2007 (as opposed to 26.3% last year). A fifth (20.7%) of members got between 501 and 1,000 applications and a quarter (25.7%) had to work through 1,001 to 2,500 job applications.

2.3 Total applications received by AGR employers in 2009

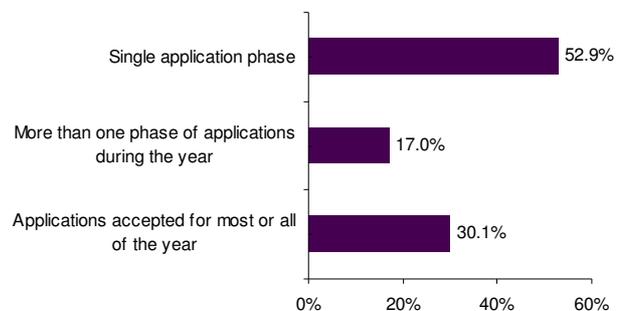


The Application Process in 2009

At the majority of AGR organisations, the application process remains structured, with a single application phase in operation at 52.9% and multiple phases the method of choice for 17.0%. As Chart 2.4 details, accepting applications throughout the year is still a minority practice, adopted by only 30.1% of employers.

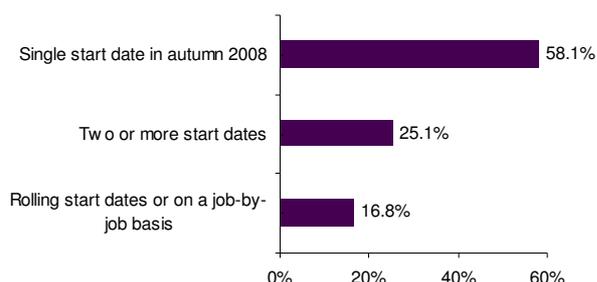
Survey respondents were invited to enter the dates of the application phase or phases in their organisation. Many employers kick off their application phases in late summer or autumn, with September and October being particularly popular starting months. It is common to set a closing date in winter or early spring; nevertheless, some organisations keep applications open well into the summer.

2.4 The application process at AGR employers in 2009



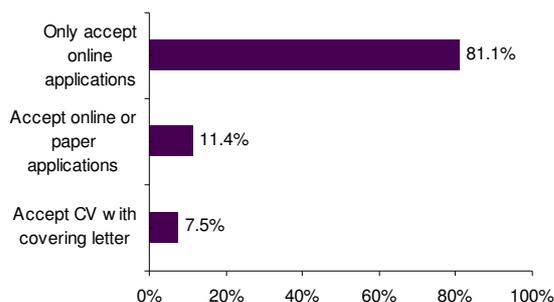
The single autumn start date for successful graduate recruits seems to be enjoying a resurgence, consolidating its position as the most common practice for job commencement. While last year's Summer Review saw half (50.9%) of AGR members setting a single start date, this year 58.1% have done so (refer to Chart 2.5); September is the by far most common starting month. Rolling or job-by-job start dates remain the least frequently selected option, employed by just 16.8%.

2.5 Start dates



There seems to be no stopping the rise of the online application as sole accepted application method among graduate recruiters. The proportion of those who exclusively accept online applications has risen from 74.3% in 2008 to 81.1% now (as illustrated in Chart 2.6). One recruiter remarks that 'we accept applications by post, but they don't tend to be the graduates we hire.'

2.6 Application methods at AGR employers in 2009



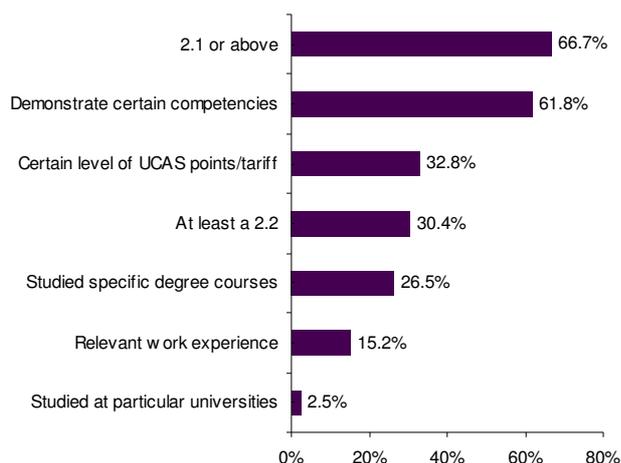
Selection Criteria

In the 2008 Summer Review, we speculated as to whether the dominance of the 2.1 as the 'gold standard' of AGR employers' selection criteria was beginning to waver. We can report this year that degree class continues to trump skills as the key requirement. As Chart 2.7 illustrates, the 2.1 is fairly closely challenged for the top spot of application criteria by the demonstration of 'certain competencies', but still remains the most frequently cited standard, being favoured by two-thirds of respondents.

Indeed, three organisations specifically stated when answering the survey that their educational criteria are increasing to 2.1 and above, while others refer to raising the academic bar higher in order to manage increased application levels.

Specific degree courses are required by 26.5% and relevant work experience by 15.2%: it is still, then, a generalists' and fresh graduates' market, although the demonstration of highly relevant skills or experience might make for a strong candidate. Only 2.5% of respondents restrict recruitment to candidates who have studied at particular universities. Furthermore, the 2.1 has not been encroached upon any further by the 2.2, a minimum criterion for 30.4% of organisations. Employers asking for this qualification are now outnumbered by those requiring the demonstration of a certain number of UCAS points (32.8%).

2.7 Requirements at AGR employers in 2009



Of those AGR employers who have a minimum UCAS requirement in place, a good two-fifths (43.4%) set this at 300 points. The next most frequently cited thresholds are 280 and 320 points (see Table 2.8).

Table 2.8 - UCAS points / tariff requirements

UCAS points / tariff	% of AGR employers
240	9.4%
260	1.9%
280	17.0%
300	43.4%
320	13.2%
340	9.4%
350	3.8%
380	1.9%

Base: Percentage of AGR employers who have minimum UCAS points / tariff requirements

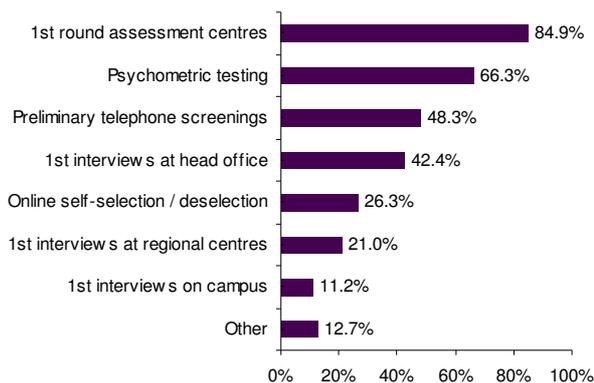
Respondents were able to specify in the questionnaire changes they had recently made or were planning to make to their selection criteria and processes. A number of organisations talked of a move to recruitment policies based on strengths or talents as opposed to the 'traditional competency based framework'. In a similar vein, another recruiter says that the future process in their organisation will be constructed around a definition of 'what makes a good trainee'. Another, meanwhile, is launching a 'new capability framework' containing 'a set of core and functional capabilities'.

One survey participant touched on the downside of the current spoilt-for-choice situation of graduate recruiters by explaining that their organisation is 'looking at introducing a motivation questionnaire as a lot of graduates are applying for roles they are not passionate about just to get a job'.

Methods of Selection

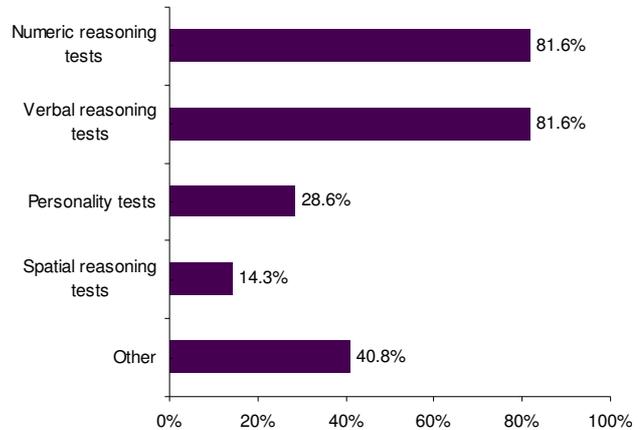
Final-round assessment centres or selection events are the most often-used methods of selection among AGR employers, as Chart 2.9 demonstrates; 84.9% of respondents use these to choose candidates for their coveted graduate jobs. Psychometric testing continues to advance in popularity: whereas 58.1% of members reported using this method in the last Summer Review, the current figure stands at two-thirds (66.3%). Almost half (48.3%) practise initial screening of candidates by telephone.

2.9 Selection methods used by AGR employers



Online self-selection and deselection exercises are offered by 26.3% of respondents. Among these, verbal and numerical reasoning tests enjoy equally high popularity, with 81.6% using each of these online exercises (Chart 2.10). Spatial reasoning tests are a long way behind, but are increasing in frequency of use, from just 5% in 2008 to 14.3% in 2009.

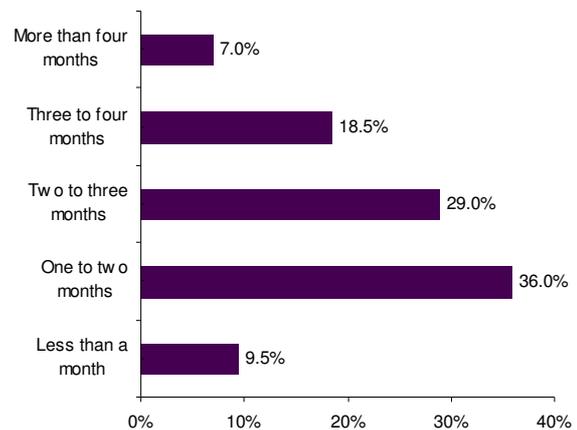
2.10 Self-selection / deselection methods used by AGR employers



Base: AGR members using 'Online self-selection/deselection' method

The time taken by AGR members to process an application has increased, quite possibly due to the sharp increase in competition for available graduate jobs. Only 9.5% manage it in less than a month (15.3% in 2008) and 36.0% in between one and two months (41.7% last year), while a quarter (25.5%) in total take three months or longer, a situation faced by just 18.5% in 2008's Summer Review. (Refer to Chart 2.11).

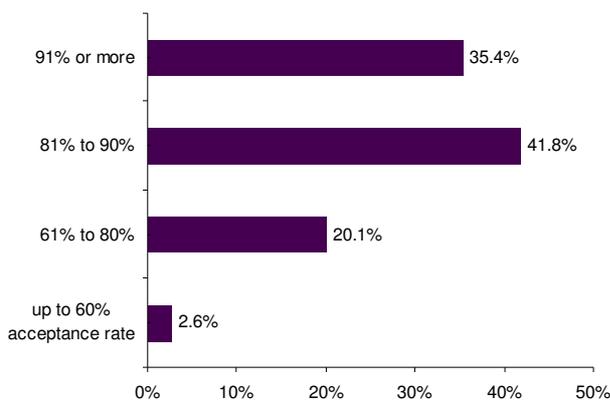
2.11 Time taken to process an application



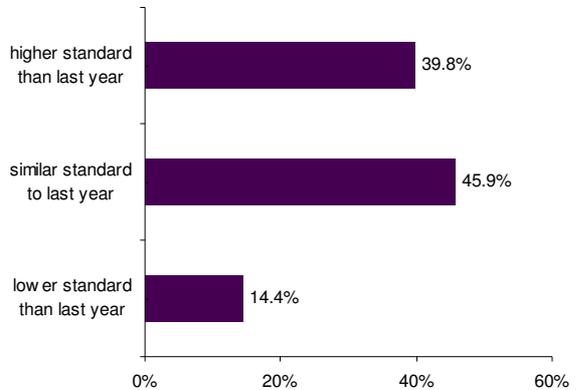
Acceptance Rates

It is not surprising that in times of reduced hiring, job offers made are met with higher job acceptance rates. In Chart 2.12, we see that 35.4% of respondents enjoy a take-up rate of 91% or more on their graduate job offers, as opposed to just 26.9% one year ago. Those organisations whose job offers meet with acceptance in 80% of cases or fewer amount to 22.7% of all respondents, compared with 32.1% last year.

2.12 Job acceptance rate as a percentage of offers



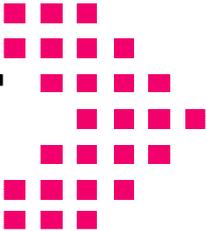
2.13 Quality of applications in 2009 compared to 2008



Quality of Applications

Are graduates feeling the pressure of the difficult job market and responding by pulling their socks up? This certainly seems to be the case, if the figures illustrated in Chart 2.13 are anything to go by. Almost two-fifths (39.8%) of members view this year's crop of applications as being of a higher standard than last year's, while only 30.0% made a similar assessment this time last year. The number of employers seeing this year's applications as lower in standard than last year's has remained essentially unchanged (13.0% in 2008, 14.4% in 2009): the significant shift appears to be from the 'average' or 'typical' to the 'better' - a possible indicator of graduates taking particular care over their applications in the face of stiff competition. Nevertheless, one recruiter's experience was that the higher standard of applications on paper didn't translate into actual higher standards in practice at the selection centre. One or two others, meanwhile, attributed the increased standard in part to improved pre-screening processes. There are also individual voices lamenting a lower standard of applications. These manifest themselves in a 'lack of care and attention' to the application itself and larger numbers of 'average to poor quality applications'.

3

Chapter 

Graduate
Development
and
Retention

Graduate Development and Retention

Introduction

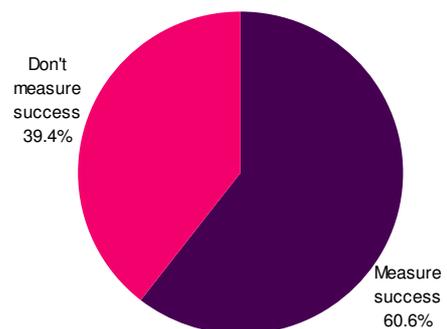
The third chapter of The AGR Graduate Recruitment Survey 2009 - Summer Review mirrors a graduate recruit's progression from the application and assessment process to the next stage. We look at how long graduates remain with an organisation, what keeps them there (or sends them job-hunting) and how they develop within the organisation. With time this issue of graduate development is moving increasingly into the spotlight as a topic that AGR is involved in. This part of the survey is conducted annually to benchmark how graduates develop and progress in their first five years of employment.

In keeping with the ongoing importance of this issue in the graduate recruitment market, our emphasis in this chapter has shifted from pure reporting of retention rates to in-depth analysis of the workings of graduate development. This Summer Review thus contains an intensified focus on the assessment of the effectiveness of graduate development programmes, on graduate support at their organisations and on rotation systems of new graduates on placements. We also examine, for the first time, types of contracts offered to new graduate recruits. Furthermore, against the background of employees' increasing need to balance family responsibilities with career progression, we look at the extent and perception of flexible working arrangements available to employees in AGR member organisations.

Assessing Graduate Development Programmes

Chart 3.1 represents the proportion of AGR employers that measure the success of their graduate development programmes as compared to the percentage of those that do not. The former category comprises approximately three-fifths (60.6%) of respondents - a reduction on last year's figure of 71.8%, possibly because in the current crisis resources have necessarily been directed elsewhere. Despite this, several respondents who haven't measured success in the past refer to plans to introduce monitoring of graduate development programmes in the future.

3.1 Measuring graduate development programmes



Retention rates continue to be the most common standard against which the success of graduate development programmes is assessed in AGR member organisations which conduct such assessments. Indeed, the percentage of these employers looking to retention as a measure of success has increased from 81% in 2008 to 89.9% (as Chart 3.2 reveals). Performance measurement or appraisal is used to quantify graduate development success for 84.0% of organisations: a graduate who meets or exceeds performance targets is an obvious indicator of a development programme's success. Assessment by means of formal feedback from managers (73.9%) is more commonplace than gathering such input from graduates (64.7%). Nearly two-thirds of respondents track their graduates' early career progress to measure programme success, while half consider the gaining of professional qualifications to be an indicator of a development job well done.

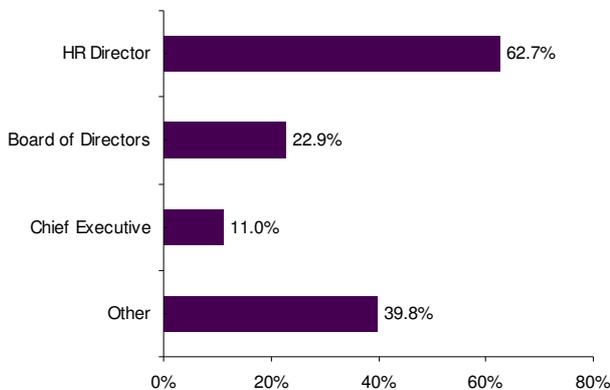
3.2 Ways employers measure graduate development success



Base: AGR members measuring graduate recruitment / development success

From 'how' to 'who' - which people in an AGR member organisation assess graduate development programmes? Referring to Chart 3.3, we see that HR Directors are most frequently charged with this responsibility (62.7%), while Boards of Directors and Chief Executives carry out this task much less often. Two-fifths (39.8%) use other people to conduct these assessments: specific answers given repeatedly by respondents in their open comments include the 'Talent Team', Learning and Development managers and teams, specific graduate recruitment managers and also training departments.

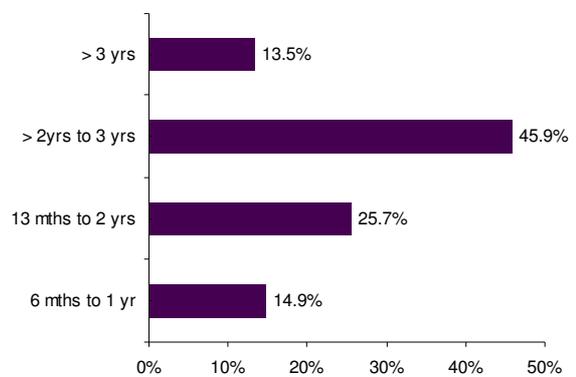
3.3 The people who measure graduate recruitment programme success



Base: AGR members measuring graduate recruitment / development success

Chart 3.4 details the time periods after which AGR members who assess graduate development programmes measure return on investment in graduates. A little under half (45.9%) assess this between two and three years after recruitment; calculation of ROI in the second year takes place in 25.7% of organisations. Proportions of employers conducting this assessment either very early or relatively late are considerably smaller. 14.9% measure ROI between 6 months and 1 year and 13.5% measure only after 3 years.

3.4 Period after which Return on Investment is measured



Base: AGR members measuring graduate recruitment / development success

Effectiveness of Support Methods for Graduates

Organisations who recruit graduates have overwhelmingly recognised the need to provide them with support while undertaking this steep learning curve and many have implemented formal and less formal schemes to help their graduates through the initial months and years. Table 3.5 presents respondents' assessment of the effectiveness of a number of support methods.

Table 3.5 - Effectiveness of trainee support methods

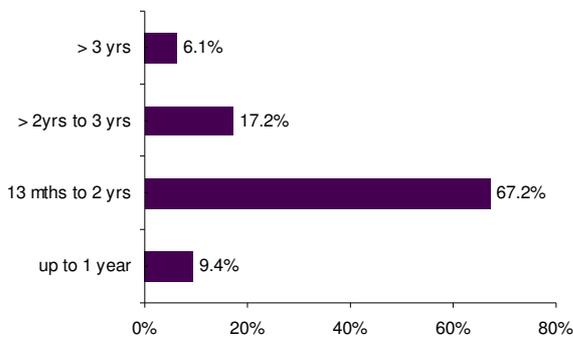
	not effective	not very effective	neutral	effective	very effective
Graduates' own support network	0.0%	0.0%	8.9%	41.9%	49.2%
Line managers	0.0%	1.1%	8.1%	52.2%	38.7%
Mentors	0.0%	2.3%	8.6%	44.3%	44.8%
Buddies	0.0%	3.2%	12.9%	55.5%	28.4%
Coaches	0.0%	0.0%	36.9%	39.3%	23.8%

In an implicit admission of the importance of informal social groups, graduates' own support networks head the list. Almost half (49.2%) of survey participants consider this type of support 'very effective' and another 41.9% rate it as 'effective'. Of the more formalised support schemes, line managers and mentors win the greatest vote of confidence. For the latter, the vast bulk of respondents are split evenly as to whether mentoring is 'very effective' (44.8%) or 'effective' (44.3%). Enthusiasm for support by buddies is more lukewarm: while a large proportion of members (55.5%) view these as 'effective', the percentage rating them 'very effective' is notably lower at only 28.4%. Almost as many view the influence of coaches as 'neutral' (36.9%) as consider them 'effective' (39.3%). Note that no support method was considered 'not effective' by a single graduate recruiter answering the questionnaire.

Graduate Development Programmes

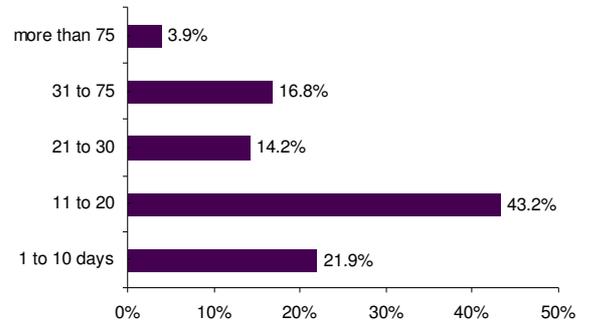
The two-year graduate development programme is still dominant at AGR employers, in that two-thirds (67.2%) of members running graduate development programmes cite 13 months to 2 years as the length of their scheme (refer to Chart 3.6). Longer and shorter programmes are very much in the minority.

3.6 Length of graduate development programme



Development programmes generally encourage and prioritise on-the-job learning and work on concrete projects. Time set aside for development activities amounts, as shown in Chart 3.7, to between 11 and 20 days at 43.2% of AGR organisations and just 1-10 days at 21.9% of employers.

3.7 Number of days spent on development activities each year

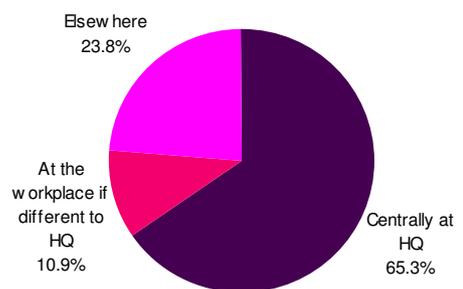


Functional (specialist) development is the most important or equal most important development type for the majority (70%) of AGR employers. General training receives the most emphasis at 25% of organisations and personal development is the key element of only 15% of graduate programmes.

Graduate Induction Programmes

Virtually all participants in the survey operate a graduate induction programme. A central location for the induction finds most favour among our members; 65.3% hold it at the main office. Chart 3.8 further shows that just a tenth carry out inductions in situ at the graduates' workplace (where this is not the main office), while 23.8% run their induction elsewhere.

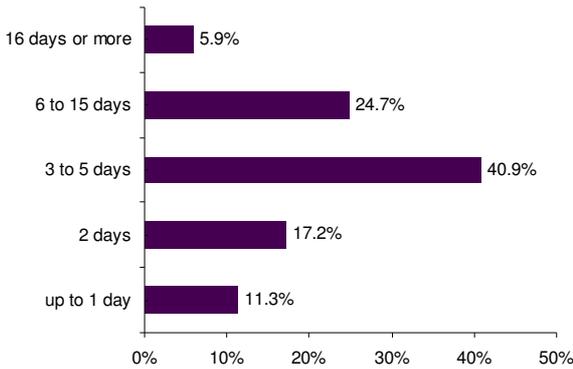
3.8 Induction programme location



Base: AGR members which run induction programmes

Induction programmes last 3 to 5 days in two-fifths (40.9%) of recruiters' organisations and 6 to 15 days in almost a quarter (24.7%). Very brief inductions of one or two days are more numerous than long ones of 16 days or more. (See Chart 3.9).

3.9 Number of days for the induction programme

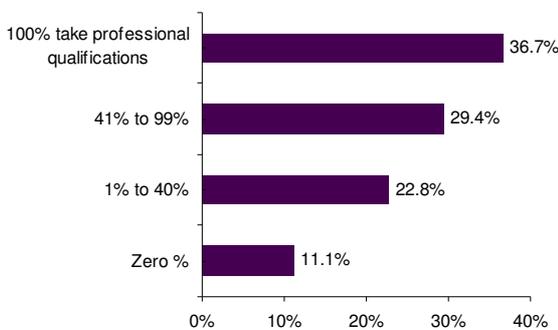


Base: AGR members which run induction programmes

Graduate Recruits and Professional Qualifications

Professional qualifications have long been the mainstay of graduate development in certain sectors and they appear to be increasing in significance across the board. One year ago there were roughly equal proportions of organisations where all graduates studied for professional qualifications and those where none at all did so. This year's situation illustrated in Chart 3.10 is different: just 11.1% of members put no graduates through professional exams, while over a third (36.7%) expect all their graduate recruits to take them.

3.10 Proportion of graduate trainees who work towards a professional qualification



Where graduates are expected to take professional exams, they frequently expect and require support - which the vast majority of respondents are happy to provide in one form or another. By far the most frequently cited support being full coverage of fees and expenses (Chart 3.11). By contrast, only a tiny proportion of graduate recruiters pay just part of incurred fees and expenses. Paid study time is offered by three-fifths of members and a third of them provide other forms of support.

3.11 Employer contributions to professional qualifications

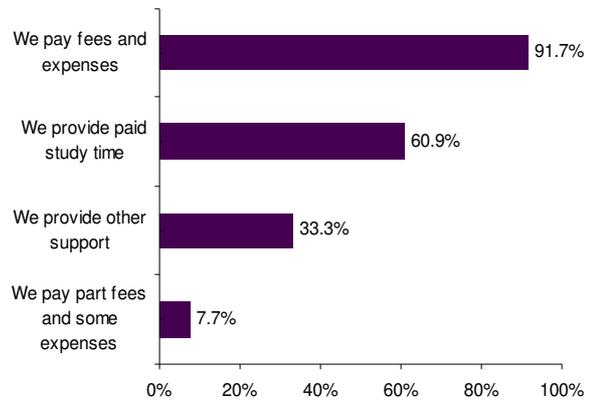
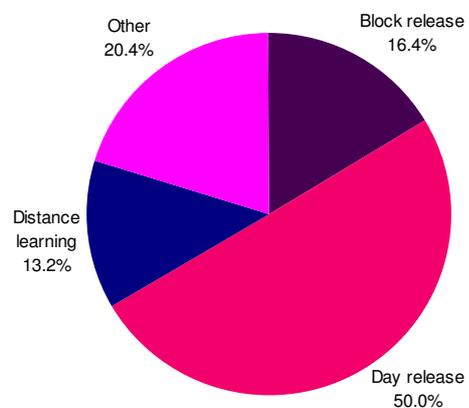


Chart 3.12 depicts the relative significance of different ways staff go about learning and training for professional qualifications alongside their job roles. Half of responding organisations use day release, while a considerably smaller percentage (16.4%) send graduates on block release. Just 13.2% employ distance learning and a fifth (20.4%) use other methods, specified by our members in the questionnaire and ranging from in-house training to qualification prior to the start of the graduate contract.

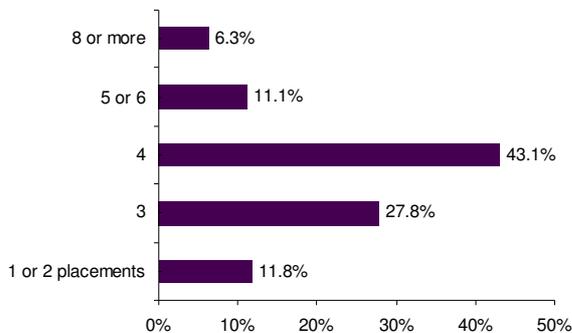
3.12 Primary learning methods



Placements in Rotation

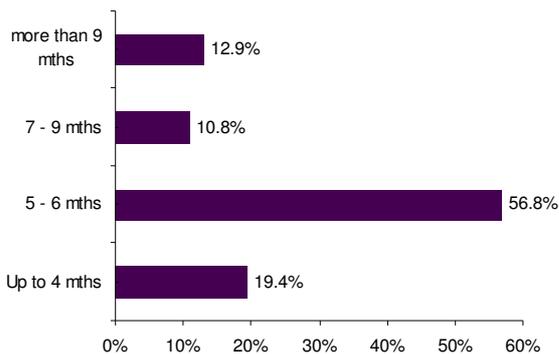
The majority (57.4%) of survey participants routinely operate rotation of placements during graduate development, with a further 18.8% offering some rotation; this means that three-quarters (76.2%) of graduate recruiters operate rotation to some extent. Looking at Chart 3.13, we can see that most placements involve four stage rotations, three is also common. In terms of placement duration, Chart 3.14 illustrates that placements of five or six months are by far the most widely used, with 56.8% of organisations adopting this length of rotation placement. Shorter placements are found in 19.4% of cases, while longer ones are less common.

3.13 Number of placements in rotation



Base: AGR members which run programmes with rotation

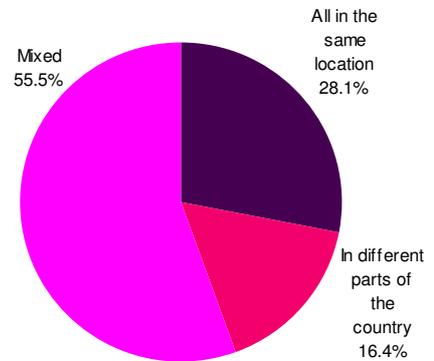
3.14 Length of placements (months)



Base: AGR members which run programmes with rotation

Placement rotations often represent a chance for graduate recruits to gain experience in other settings and demonstrate geographical mobility. Just 28.1% of respondents who use rotation placements run them all at the same location; 16.4% of graduate recruiters always vary their placement locations, while the majority (55.5%) give their graduates a mix of staying put and venturing further afield (Chart 3.15).

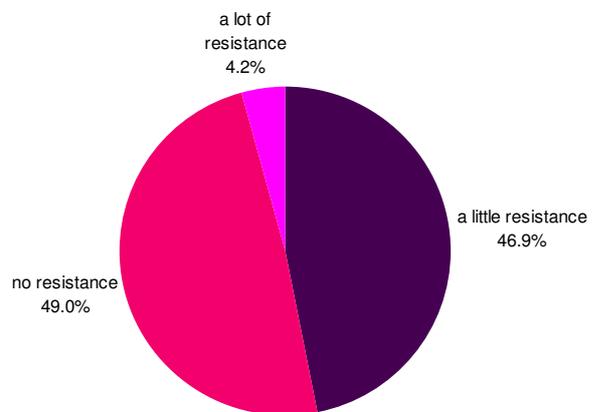
3.15 Placement locations



Base: AGR members which run programmes with rotation

Flexibility and adaptability are certainly essential skills in an increasingly mobile world of work, but not all graduates will embrace placement-related relocation with equal enthusiasm. Chart 3.16 shows the degrees of employee resistance encountered by AGR employers to varying placement locations. Interestingly, 'no resistance' is reported by nearly half (49.0%) of respondents, contrasting with just 39.3% one year ago. Are graduates becoming intrinsically more flexible and mobile, or is the economic climate playing its part here too? When given the opportunity to expand on this issue, several recruiters maintained that their graduate recruits accept relocation without difficulty because they are very upfront and open about the need to be mobile as an integral part and 'key requirement' of their programmes. Only 4.2% of respondents report being offered 'a lot of resistance' on this issue.

3.16 Resistance to placement locations

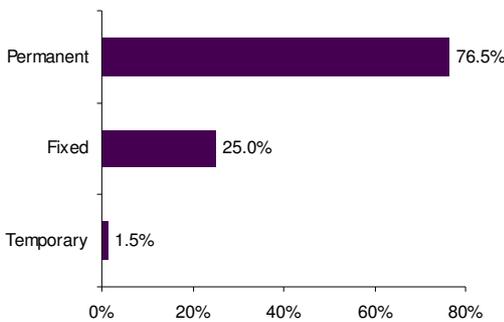


Base: AGR members which run programmes with rotation

Contract Types Offered to Graduate Recruits

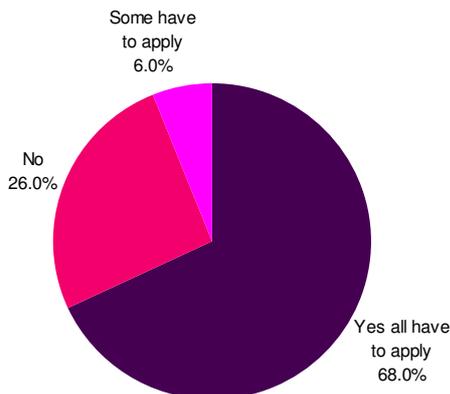
While AGR members do offer fixed-term contracts, graduates joining AGR organisations usually sign a permanent contract: Chart 3.17 shows that over three-quarters (76.5%) of members say they use permanent contracts, while exactly a quarter issue contracts over fixed terms and a tiny minority of 1.5% take on temporary graduate staff. Please note that this question permitted multiple responses, meaning that the percentages need not add up to 100%. The fact that the sum of the percentages for all options comes to 103% means that most members do only employ one type of contract. While only 3% make use of two or three contract types.

3.17 Types of employment contract



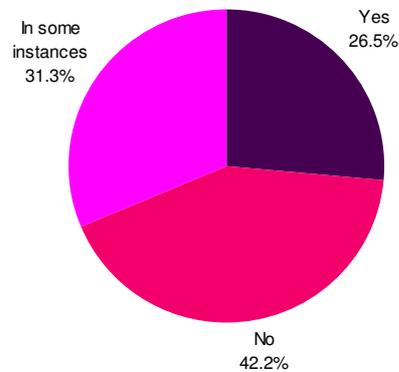
Those respondents recruiting graduates on fixed-term or temporary contracts were asked to indicate whether these graduates have to formally apply for a permanent position at the end of the contract or programme. Chart 3.18 illustrates the responses: two-thirds (68.0%) require all graduates in this situation to formally apply, while just over a quarter (26.0%) do not make this stipulation. A minority of 6.0% practise a mixed policy, requiring some graduates to apply for a permanent position, but not all.

3.18 Need for formal application following non-permanent contract



The situation can arise where a graduate going through a series of placements on a development programme is offered a permanent job in one of the placement positions. Looking at Chart 3.19, it is evident that AGR members operate varying policies in these circumstances. While 26.5% take a fundamentally flexible approach by permitting graduates in this position to leave the programme early, a higher percentage (42.2%) insist that the graduate completes the programme. Nearly a third of graduate recruiters (31.3%) allow early departure from the development programme in some instances.

3.19 Possibility to leave graduate programme early if offered a position



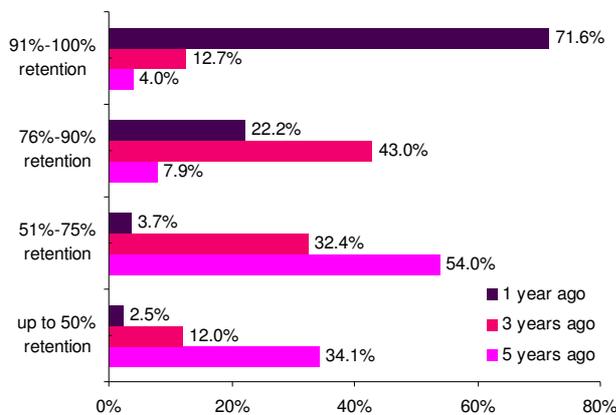
Retention Rates

Even in such times as these, retention of talented graduates is a key issue for their employers. Our picture of the state of retention at AGR employers is built up by means of asking survey participants to indicate retention rates for three graduate cohorts: those recruited one, three and five years ago, that is in 2008, 2006 and 2004 respectively. The mean retention rates for each of these groups are 93%, 74% and 57%. A more detailed breakdown is described below and shown in Chart 3.20.

For graduates taken on 1 year ago almost complete or complete retention (i.e. 91% to 100%) is achieved by 71.6% of organisations. Only 12.7% of employers can boast such high rates for graduates recruited to start work three years ago. The proportion of organisations who are able to claim 91% to 100% retention of graduates drops to only 4.0% when looking at recruits hired 5 years ago in 2004. This last statistic shows a notable increase on the mere 0.8% which experienced these levels of retention among the 5 year cohort in the 2008 Summer Review.

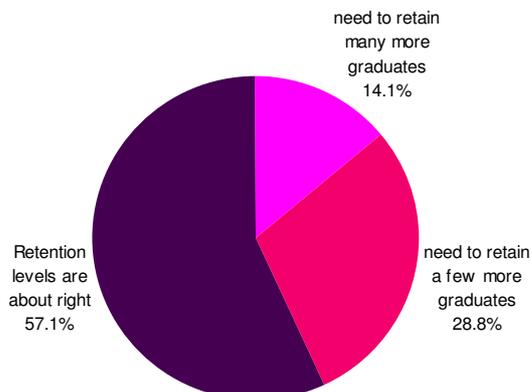
It is also worth mentioning that rates in the second highest category of retention, 76%-90%, have increased noticeably for those graduates recruited both one and three years ago. For example, last year 17% of employers had retention rates in this range, while this year the proportion is a more impressive 22.2%. Could this be an indication of greater caution among graduates whose Generation Y optimism has been seriously shaken by the past few months' economic events?

3.20 Retention rates for graduates recruited one, three and five years ago



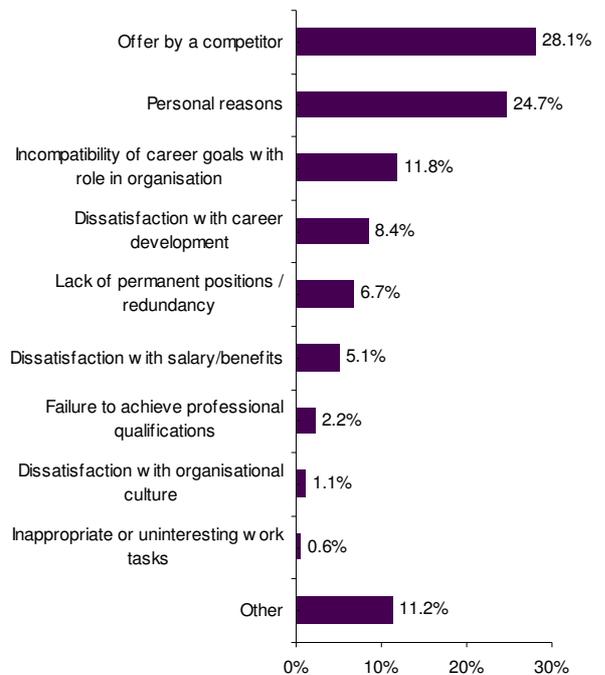
The reduction in intensity of the war for talent appears to have led to increased satisfaction with graduate retention rates among AGR recruiters. Whereas the 2008 Summer Review reported that only a minority (43.7%) of members were happy with their rates of retention, this year (see Chart 3.21) a majority (57.1%) of graduate recruiters consider their retention levels to be 'about right'. The proportion of those particularly anxious, feeling the need to retain 'many more' graduates, has fallen from 20.6% in 2008 to 14.1% this year. A good quarter (28.8%) would like to retain 'a few more' graduates than at present.

3.21 Satisfaction with graduate retention



Offers by competitors remain the most frequently cited reason for graduates leaving AGR organisations (shown in Chart 3.22), with 28.1% of respondents pinpointing this as an issue. The proportion attributing graduates' personal reasons as the main reason for leaving has increased, from 18.0% last year to nearly a quarter (24.7%) in this edition. All in all 11.8% of graduate recruiters give the main reason for staff leaving as being due to incompatibility between the role and the graduate's career goals. Many respondents to our questionnaire at this point raised the issue of redundancies and lack of available roles for graduates nearing the end of their time on development programmes. They indicated that 'in this market' non-voluntary reasons for graduates leaving organisations are a particularly acute issue.

3.22 Reasons why staff leave



Graduates and Flexible Working

Employees' ability to combine their career with their personal and family life is undoubtedly a retention issue. Members of the 'sandwich generation', caring for children and often also elderly relatives, take both their family responsibilities and their career development seriously and are drawn to organisations whose culture helps them balance these aspects of their lives. With this in mind, we asked our respondents to indicate which of a series of flexible working arrangements they were able to provide for their workforce. Table 3.23 illustrates the results.

Table 3.23 - Provision of flexible working conditions

	Yes	No	Don't know
Working at or from home in normal work	83.8%	11.4%	4.9%
The chance to reduce working hours	82.5%	10.9%	6.6%
The chance to increase your working hours	72.6%	8.4%	19.0%
Time off in lieu	70.9%	15.1%	14.0%
Job sharing	59.9%	20.3%	19.8%
Paid leave to care for dependants	59.2%	14.0%	26.8%
Flexi time	53.9%	34.8%	11.2%
Working the same number of hours per week	45.3%	29.3%	25.4%
Working only during school terms	25.3%	45.5%	29.2%
Workplace nursery	7.9%	84.8%	7.3%

The home office is the most frequently available benefit to employees at AGR organisations, with 83.8% permitting staff to work at or from home in normal working hours. Being able to reduce working hours, for example from full-time to part-time, is also widely possible: an almost equally impressive 82.5% of respondents said their organisation permits this. Should an employee wish to increase those hours again, 72.6% of AGR members would allow this. Job sharing is operated by nearly three-fifths (59.9%) of employers.

Flexibility with an unchanged number of hours is another type of arrangement that frequently suits employees' needs. 53.9% of members offer flexitime and 45.3% enable staff to work more hours over fewer days. Working only during school term time is not such a commonly adopted model, 25.3% of respondents grant this form of flexible working. Interestingly, a large proportion (29.2%) of respondents admitted to not knowing whether their organisation offers this form of work structure.

In other cases, time off is the most appropriate solution offered to enable combining work and family life. Time off in lieu is granted at 70.9% of responding organisations; paid leave to care for dependants is available at 59.2% of employers. The workplace nursery is not a frequently-found aid to balancing family and career. Only 7.9% of AGR members can offer their employees in-house nurseries.

About trendence

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The surveys, such as the trendence Graduate Barometer series with its 24 national editions, are conducted on a national, pan-European and international level.