

The AGR Graduate Recruitment Survey 2008

Summer Review

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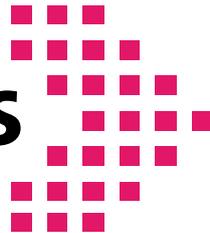
Note: Unless otherwise stated, the base used in percentage calculations for this report is the total AGR employer sample group.

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Executive Summary

The AGR Graduate Recruitment Survey 2008 - Summer Review is based on research conducted for AGR by trendence Institute with 242 graduate employers during May and June 2008.

The survey provides AGR employers with up-to-the-minute insights into the latest graduate market conditions, including: vacancies and salaries in 2008; applications, selection and assessment in 2008; graduate development and retention; and current issues in graduate recruitment, with a focus this year on the development of 'world class skills'.

Vacancies and Salaries: The current lay of the land

Despite widespread publicity concerning the bad economic climate, the number of vacancies has increased by 11.7%, slightly lower than the rate predicted in the winter review. Almost three fifths of members believe that the final tally of the current season will show an increase in vacancies.

The work areas of accountancy alongside banking and financial services and the regions of London and the South East continue to dominate in terms of number of vacancies available.

Looking forward to 2009, just over half of members predict their vacancy levels will remain stable, and 32.1% expect increases in recruitment on 2008 despite recent gloomy forecasts.

At £24,500, the median salary paid in 2008 to graduates recruited to AGR organisations is slightly (1.8%) up on the figure for 2007.

Law firms have moved ahead of investment banks in terms of median graduate starting salaries; the public sector has been a strong performer with regard to salaries this recruitment season.

The salary outlook to 2009 is marked by caution, with a majority of members predicting either no change in graduate starting salaries or only a cost-of-living rise.

Applications, Selection and Assessment

A mean of 30.7 candidates competed for each vacancy at AGR employers in 2008, an increase on the 2007 figure of 29.2 applications per vacancy.

The 2:1 remains the application criterion most frequently cited by AGR employers. However, the demonstration of certain competencies is strikingly close behind and the 2:2 is coming more into favour; it seems that the 2:1's gold-standard status is beginning to be challenged, an impression reinforced by individual members' comments on their selection criteria.

Psychometric testing is popular among our respondents, with a majority (58.0%) of them using this method to select graduate recruits. The most cited method common to recruiters is, however, final round assessments.

The standard of applicants in the current recruitment season is according to the majority either as good as or better than last year.

Graduate Retention and Development

A total of 71.8% of respondents measure the success of their graduate development programmes. Popular indicators of success are retention rates, performance measurement or appraisal, and the collection of formal feedback from managers and from graduates themselves.

Graduates' own support networks receive a higher rating of effectiveness from AGR employers than do formalised sources of support within the graduate development programme. Mentoring is also highly valued.

Graduate development programmes run by AGR employers tend to place most emphasis on functional development.

At least some level of placement rotation is on offer at 79% of AGR member organisations. A majority of AGR employers experience a slight degree of resistance from graduates at being relocated for placements.

A minority (43.7%) of respondents are happy with their organisation's graduate retention levels. Just over a third would ideally retain a few more graduates, and a fifth feel they need to retain many more.



World Class Skills

There is a fairly even split among AGR employers between optimism and scepticism at the Government's ambition that 40% of the workforce will be educated to degree level by 2020.

Respondents were asked to indicate which graduate skills and knowledge areas they consider will be subject to shortfall in the future. The 'hard' skills giving rise to the most concern are writing and leadership skills, while the 'soft' skills most frequently felt to be lacking are communication and recruits' ability to manage their own learning.

Members predict knowledge shortfalls most frequently in the fields of business and management and in engineering. Possibly surprisingly, science receives relatively few mentions in this context.

Specialisation in key study areas and the nurturing of academic elites are viewed as more important strategies in the battle to develop world class skills than simply expanding total student numbers; indicating that less can be more if the right focus is found.

According to our members, completing an internship or industrial placement remains the royal road to the improvement of soft skills for graduates.



Introduction

Introduction

Welcome to The AGR Graduate Recruitment Survey 2008 – 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, as in every edition, 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 2008 recruitment campaign
- success and acceptance rates.

Further, we take an in-depth look at:

- the graduate development programmes members offer - how graduate development programmes 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.

Methodology

The data presented in The AGR Graduate Recruitment Survey – Summer Review was obtained from a survey held between 6 May and 4 June 2008. AGR employers were invited to participate in the survey by email; the email message contained a web-link and personal 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 2007 and 2008 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 or sector, location or with reference to the career area into which the graduates are recruited.

Participation levels

trendence Institute invited 396 AGR employers to participate in The AGR Graduate Recruitment Survey 2008. 242 employers completed the questionnaire, giving a completion rate of 61%. These respondents between them will employ a total of 23,727 graduate recruits in 2008.



The following AGR members took part in the survey

3M United Kingdom Plc

A

Accenture
 Accenture Technology Solutions
 Addleshaw Goddard
 ADT Fire & Security
 Airbus
 Aker Solutions E&C Ltd
 Allen And Overy LLP
 Alliance & Leicester
 AMEC
 American Express
 Amey plc
 Anglo Irish Bank
 Arcadia Group
 AREVA T&D UK Ltd
 Argos
 Arriva
 Arup
 ASDA Stores
 Ashurst LLP
 AstraZeneca
 Atkins
 Atos Origin
 Audit Commission
 AXA Investment Managers
 AXA UK

B

Babcock Marine
 Badenoch & Clark
 BAE Systems
 Baillie Gifford & Co
 Baker & McKenzie
 BAKER TILLY
 Balfour Beatty
 Bank of America
 Bank of England
 Barclays Bank Plc
 Barclays Capital
 Barclays Wealth
 BDO Stoy Hayward LLP
 Bechtel Limited
 BG Group
 Bircham Dyson Bell
 Blind in Business
 Bond Pearce LLP
 Bovis Lend Lease
 BP
 British Airways
 British Army
 British Energy Group
 Broadcom
 Bruntwood Ltd
 BT

C

Cadbury Plc
 Capital One
 Carillion plc
 Centrica
 CHEP UK Ltd
 CHP Consulting
 Cisco Systems Ltd
 Citi
 Civil Service Fast Stream
 Clifford Chance LLP
 Clyde & Co
 CMS Cameron McKenna LLP
 Corus
 Costain
 CREDIT SUISSE
 Cummins

D

Danone
 Data Connection
 Davies Arnold Cooper
 Davis Langdon LLP
 Dawson Walker Communications
 Dechert LLP
 Deloitte
 Detica
 DHL
 Diageo
 Dixon Wilson
 DLA Piper UK LLP
 DSG International plc

E

E.ON
 EC Harris
 ECA International
 Ecclesiastical Insurance
 EDF Energy
 Edmund Nuttall Ltd
 EDS
 EMCOR Group UK plc
 Enterprise Rent-A-Car
 Ernst & Young
 Eversheds
 Explore Learning

F

Faber Maunsell
 FDM Group Plc
 Fidelity International
 Filtrona plc
 Financial Services Authority
 Fitch Ratings
 FKI plc



Fortis Investments
Freshfields Bruckhaus Deringer
Fujitsu Services

G

General Dynamics United Kingdom Ltd
Gifford
GlaxoSmithKline
Google UK
Government Economic Service

H

Halcrow Group
Hammonds
HAT Group of Accountants
HBG UK Ltd
HBOS
Henderson Loggie
Herbert Smith LLP
Hewitt Associates
Hill Dickinson LLP
Hilton Hotels
HJ Heinz Ltd
HM Treasury
HSBC (Bank Plc)

I

IBM UK
ICAP Plc
Iceland Foods
ICI (part of AkzoNobel)
Improvement and Development Agency
Infosys technologies Ltd
ING Wholesale Banking
innocent
Institute of Chartered Accountants of Scotland
Interfleet Technology Ltd
Irwin Mitchell

J

J Sainsbury Plc
Jacobs
Jaguar Land Rover
John Lewis Partnership
Johnson Matthey
Jones Day
JP Morgan

K

Kerry Foods Ltd
KPMG
Kraft Foods

L

Lehman Brothers
Linklaters
Lloyd's Register

Lloyds TSB Group Plc
Lockheed Martin
Logica
L'Oreal
Lovells LLP

M

Macfarlanes
Macquarie
Magnox South
Majestic Wine Warehouses Ltd
Marks & Spencer plc
May Gurney
Mayer Brown International LLP
MBDA UK Ltd
McDonald's
McKinsey & Company
Merrill Lynch Europe plc
Metronet Rail
Mills & Reeve
Ministry of Defence, Business Graduate Scheme
Morgan Stanley & Co International Plc
Morgan Stanley (Investment Banking Division)
Motability Operations
Mott MacDonald
Mourant

N

Nabarro
Nakheel
National Audit Office
National Grid
National Leadership and Innovation Agency for
Healthcare, NHS Wales
Nationwide Building Society
Nestle UK
Network Rail
Next
NHS Institute
NHS SCOTLAND
Northern Foods plc
Norwich Union, part of Aviva Group

O

OC&C Strategy Consultants
Oracle
Orange PCS Ltd

P

PA Consulting Group
Perkins Engines
Pilkington Group Limited
Precision Castparts Corporation
PricewaterhouseCoopers
PSA Peugeot Citroen



Q

QinetiQ

R

Raleigh International
RBC Capital Markets
Redrow plc
Reed Smith Richards Butler LLP
Rolls-Royce plc
Royal Mail
RWE NPower

S

Saffery Champness
Samworth Brothers
Schroders Investment Management
Scott Wilson Ltd
Scottish & Newcastle Plc
Scottish Power
SELEX Sensors and Airborne Systems
Sellafield Ltd
Seven Trent Water
Siemens plc
Simmons & Simmons
Skanska UK
Sky
Slaughter and May
Smith & Willimason
Smiths News
Standard Bank
Standard Chartered Bank
Standard Life Assurance Limited
Swiss Re

T

Tate & Lyle
Taylor Wessing LLP
Teach First
Tenon
Tesco
The Maersk Company Ltd
The Royal Bank of Scotland Group
TLT Solicitors
TNS
Towers Perrin
Transport for London
Tube lines

U

UBS
United Utilities

W

Waitrose Ltd
Watson Wyatt
Watson, Farley & Williams LLP
White & Case LLP

Withers

Wolseley plc
Wolseley UK

Y

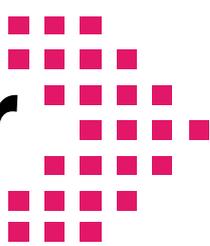
Yorkshire Water

Z

Zurich Financial Services

* The Training & 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 into teacher training each year. An information box on page 19 gives more information about recruitment levels at The Training & Development Agency for Schools.



Chapter 

**Graduate
Vacancies &
Salaries**

Graduate Recruits, Vacancies and Salaries

Introduction

This opening chapter of The AGR Graduate Recruitment Survey 2008 – Summer Review provides a comparative analysis of actual graduate recruitment and salary levels experienced in 2007 and those for the current 2008 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 type of role. 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 2007 and 2008 are based on the responses of employers who, in the AGR Recruitment Survey 2008, provided vacancy level data for 2007 and 2008.

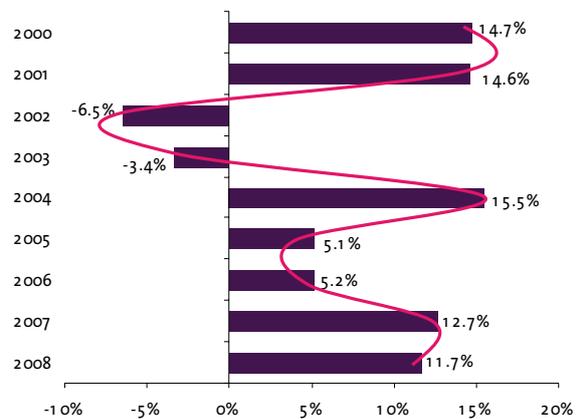
As particularly high or low salaries can distort the average levels, the survey uses the median value to compare salary levels. Throughout this section, the median value has been calculated by taking the mid-point value salary for all the vacancies (ie. All vacancies offered by AGR members participating in the survey – 23,727 in total), rather than the mid-point of the 242 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 2007 and 2008

Graduate recruitment growth continues in 2008, though not quite to the same extent as in 2007. As Chart 1.1 illustrates, growth of 12.7% in 2007 is almost matched by the increase in 2008 of 11.7%.

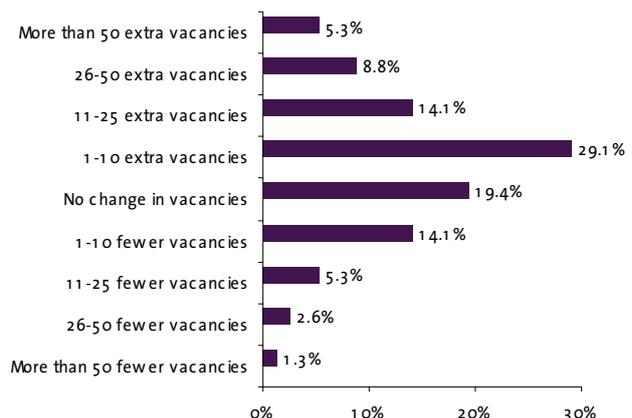
1.1 Graduate vacancy changes at AGR employers 2000-2008



Percentage increase or decrease in vacancies on the previous year

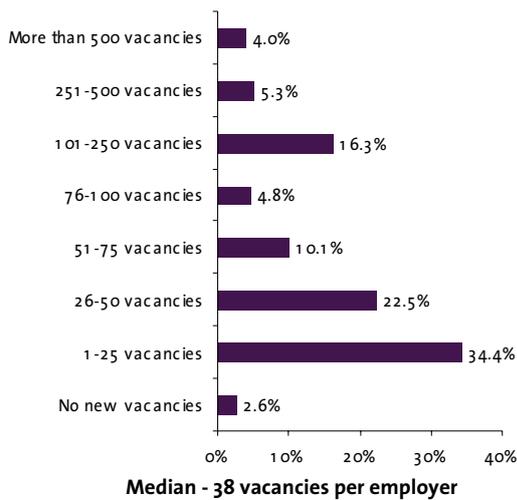
Almost three-fifths of members expect to report an increase in vacancies for 2008, with the remaining two-fifths split reasonably equally between 'no change' (19.4%) and vacancy decreases (a total of 23.3%) (see Chart 1.2). There are 1-10 extra vacancies on offer this season at 29.1% of all AGR employers.

1.2 How AGR employers have changed their graduate vacancy levels in 2008



With a median of 38 vacancies per employer in 2008, levels are comparable with 2007 when the figure was the same. A third of employers – 34.4% - are offering between 1 and 25 vacancies in 2008; however, there are substantial numbers recruiting significantly above this: Chart 1.3 shows 26-50 vacancies offered by 22.5% of the surveyed employers and 16.3% with between 101 and 250 vacancies.

1.3 Graduate vacancies at AGR employers in 2008



Vacancies in 2008 by Business Sector

As Table 1.4 demonstrates, the top recruiting sectors among AGR members continue to be the accountancy or professional services firms and banking or financial services: between them, these two sectors are offering more than a third of total vacancies, with accountancy or professional services firms having the lion's share (23.0%). Investment banking and engineering almost tie for third place, the former having the edge (9.7% of vacancies as compared to 9.2%).

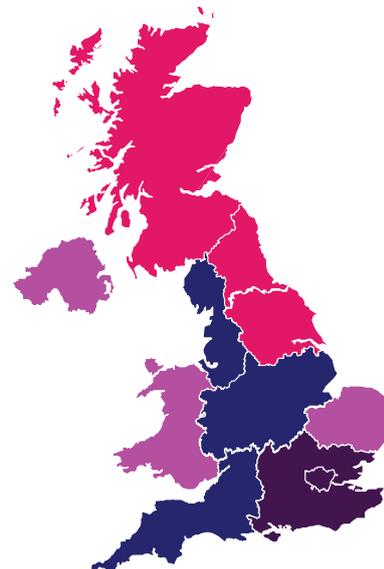
Sector	% of total vacancies
Accountancy or professional services firm	23.0%
Banking or financial services	11.3%
Investment bank or fund managers	9.7%
Engineering or industrial company	9.2%
Retail	7.8%
Consulting or business services firm	7.2%
Law firm	6.5%
Construction company or consultancy	5.3%
Public sector	4.9%
IT hardware or software company	2.0%
Transport or logistics company	1.6%
Energy, water or utility company	1.5%
Oil company	1.1%
Telecommunications company	1.0%
FMCG company	0.9%
Motor manufacturer	0.4%
Chemical or pharmaceutical company	0.2%
Other	6.5%

Please note: Organisation types with insufficient data have been omitted.

Vacancies by Geographical Region

As ever, the UK graduate recruitment market is marked by a sharp regional focus. The list in Table 1.5 of vacancies at AGR employers by region shows that the majority (57.5%) of total vacancies in 2008 are to be found in London and the South East; indeed, approaching half (46.6%) of all vacancies are located in London. The next degree of recruitment activity, as indicated by the shading on the UK map, is to be found in the Midlands – with 8.4% of total vacancies, drawing close to the South East -, the North West and the South West. The lowest levels of graduate recruitment among AGR members are in East Anglia, Northern Ireland and Wales. With the exception of Europe (4.5% of vacancies offered), there is little recruitment to posts outside the UK.

Region	% of total vacancies
London	46.6%
South East	10.9%
The Midlands	8.4%
North West	6.2%
South West	5.3%
Scotland	5.1%
Yorkshire	3.7%
North East	2.6%
East Anglia	1.9%
Wales	1.6%
Northern Ireland	0.9%
Ireland	0.4%
Europe	4.5%
USA	0.6%
Asia	0.4%
Rest of the world	0.9%



Vacancies by Career Area

Almost one-fifth of total vacancies at AGR employers in 2008 are in the area of accountancy (see Table 1.6). Investment banking supplies a further 12.1%, and nearly a tenth (9.5%) of vacancies are in general management.

Table 1.6 - Vacancies at AGR employers by career area in 2008

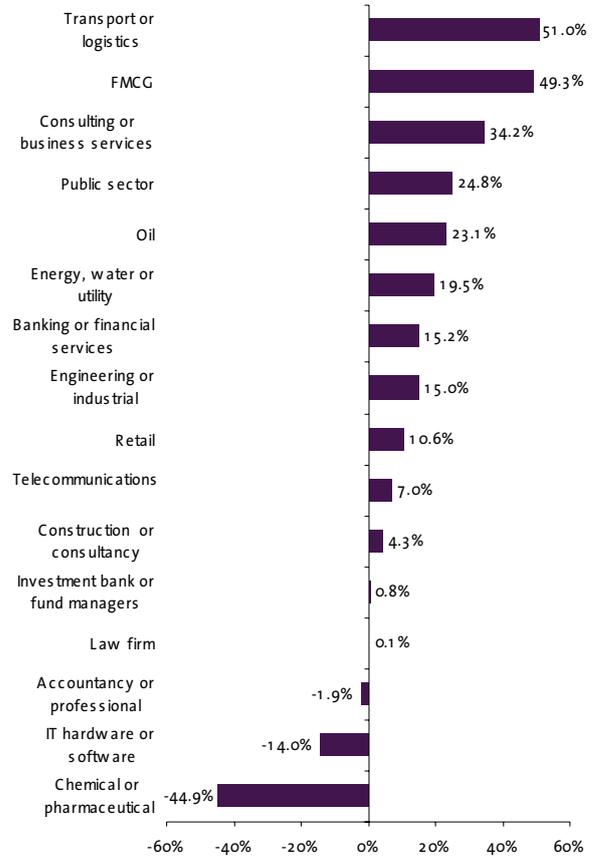
	% of total vacancies
Accountancy	19.6%
Investment banking	12.1%
General management	9.5%
IT	8.7%
Legal work	7.4%
Civil engineering	6.2%
Consulting	6.1%
Retail management	4.0%
Mechanical engineering	2.8%
Electrical/electronic engineering	2.6%
Financial management	2.2%
Sales	1.6%
Human resources	1.5%
Marketing	1.4%
Actuarial work	1.2%
Logistics	1.1%
Science	0.9%
Purchasing	0.7%
Manufacturing engineering	0.6%
Research and development	0.6%
Other career area	9.2%

Changes in Vacancies by Organisation Type/Business Sector

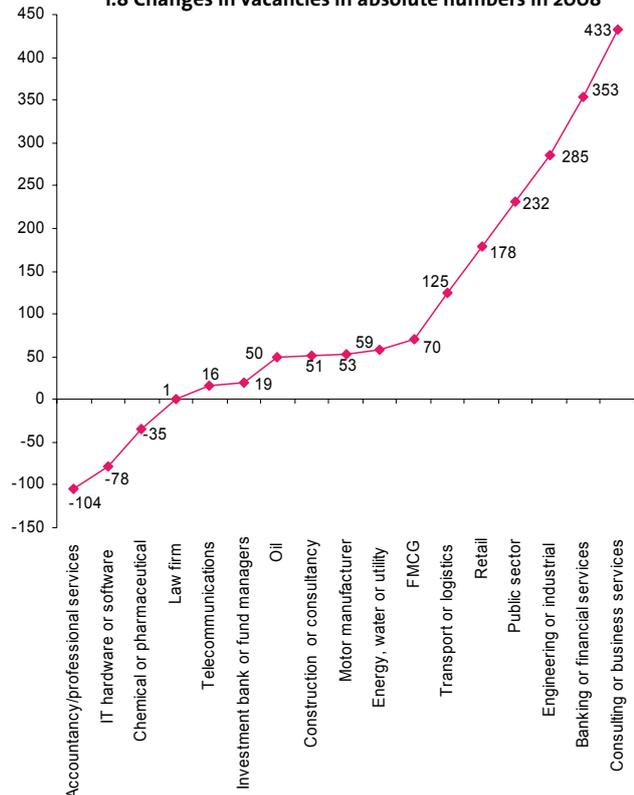
Chart 1.7 illustrates percentage changes in vacancies at AGR employers for the 2008 recruitment season from 2007. Transport or logistics and FMCG report particularly buoyant increases of around 50% each, while consulting and business services predict their final 2008 recruitment totals will be up by a third on last year's. Please note, however, that some of these apparently impressive increases are derived from comparatively small absolute bases. Looking at changes in vacancies by sector in absolute numbers (compare Chart 1.8), we see that consulting and business services maintains a particularly marked growth, but banking & financial services and engineering & industrial companies show increases which their positions in the percentage table apparently belie. Recruitment rates in investment banking and law remain stable; interestingly, the most marked absolute decrease in vacancies in 2008 is to be found at accountancy or professional services firms.

Please note: The percentage changes shown in Chart 1.7 cannot be used as an indicator of changes in absolute numbers of vacancies.

1.7 Percentage change in vacancies 2007 to 2008, by sector



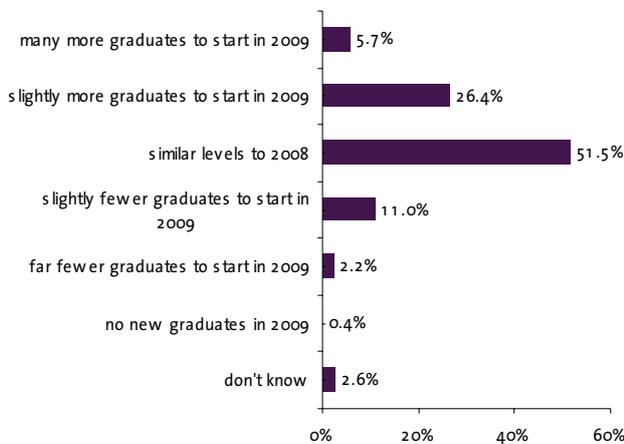
1.8 Changes in vacancies in absolute numbers in 2008



The Outlook for 2009

Looking, with Chart 1.9, into 2009, just over half of respondents predict their vacancy levels will remain stable in comparison to 2008; nevertheless, a not inconsiderable proportion – 32.1% in total – are expecting increases in recruitment. These increases, though, will be predominantly slight. Decreases in recruitment levels feature in the 2009 expectations of just 13.2% in total, and only 0.4% will not be recruiting next season. It will be interesting to see whether this rather positive outlook prevails when we take a closer look in the forthcoming Winter 2009 Review.

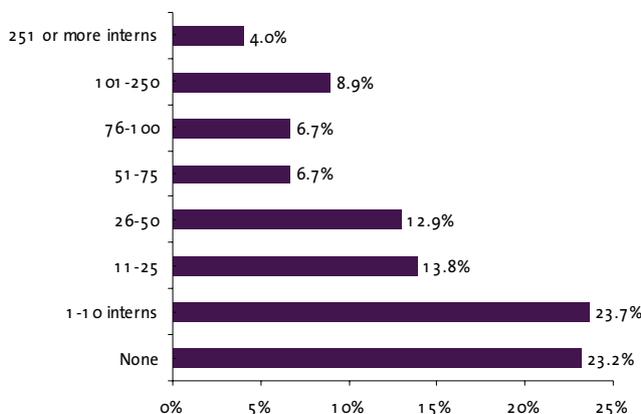
1.9 - Expected changes in graduate vacancy levels in 2009



Internships and Work Experience

Nearly a quarter of AGR employers (23.2%) don't employ paid interns. A similar proportion (23.7%) have between 1 and 10 interns on their payroll. 12.9% of companies employ more than 100 (See Chart 1.10).

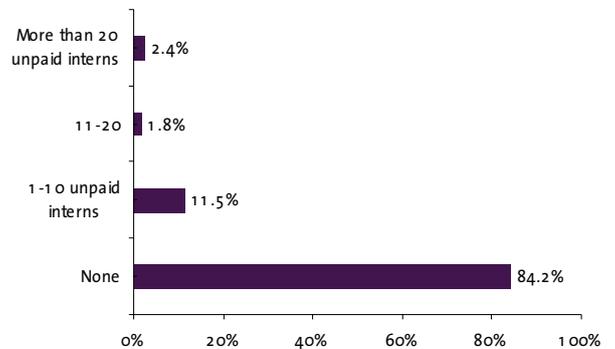
1.10 - Number of paid interns



Unpaid internships are relatively rare among AGR members. As Chart 1.11 shows, 84.2% have no unpaid interns in their organisation. Of the minority who

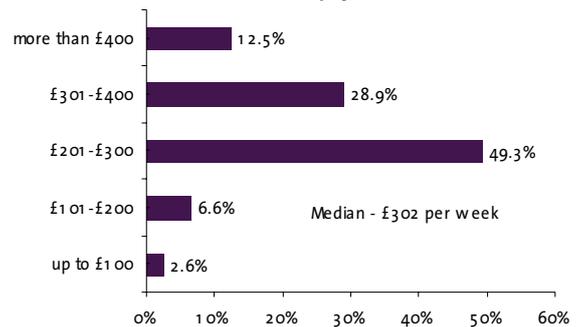
employ unpaid interns, most (11.5% of respondents in total) have between 1 and 10.

1.11 - Number of unpaid interns



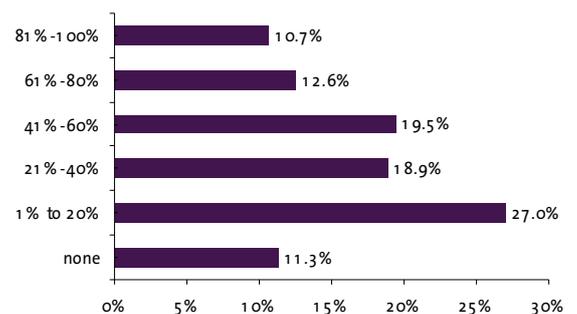
What are paid interns at AGR member organisations earning? Chart 1.12 informs us that nearly half of respondents are paying their interns between £201 and £300 per week. The median weekly sum lies very slightly above this, at £302. Only 2.6% pay £100 or less.

1.12 - Intern pay



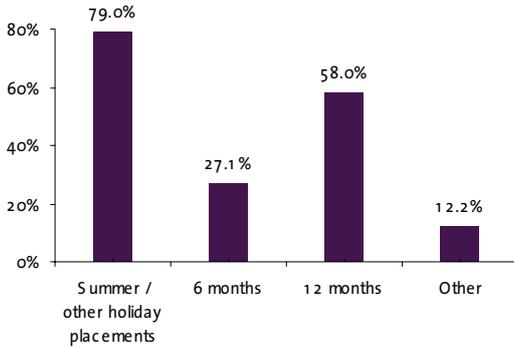
Conversion rates of interns to graduate recruits, i.e. the proportion of interns who go on to take up a graduate position with the organisation, are varied. While the largest percentage of respondents – 27.0% - report conversion of 1% to 20%, conversion above 40% runs at 42.8% of AGR employers in total, and a tenth convert 80% to 100% of their former interns to graduate recruits. (Refer to Chart 1.13).

1.13 - Conversion of interns to graduate recruits



The most popular type of internship among respondents is the summer or other holiday placement; almost four-fifths (79.0%) offer these (see Chart 1.14). 58.0% offer 12-month internships. The six-month placement is markedly less common, adopted by only 27.1% of AGR employers.

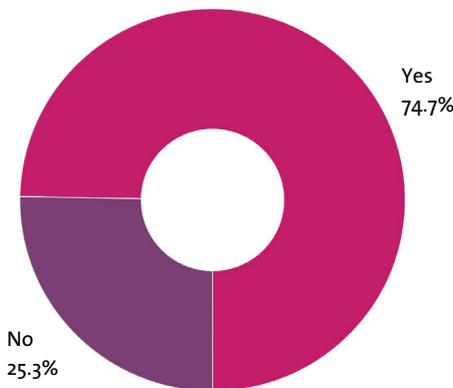
1.14 - Placement types offered



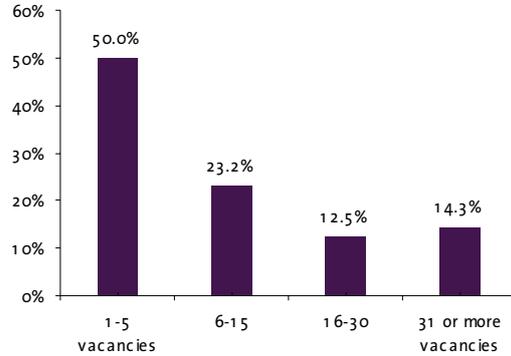
Recruitment Shortfalls and Challenges in 2008

The 2008 recruitment season appears, as Chart 1.15 illustrates, to be drawing to a healthy close, with three-quarters of AGR organisations anticipating that all their 2008 vacancies will be filled (74.7%). The figure last summer was much lower at 68.7%, this 6 percentage point difference year on year is an indicator of the current confidence of recruiters. Chart 1.16 reinforces this impression by taking a closer look at the minority of respondents who expect shortfall: half of these predict only 1-5 vacancies will remain unfilled. This is a particularly positive finding in the light of the two-thirds (67.1%) of AGR employers participating in the 2008 Winter Review who were expecting recruitment challenges for the 2008 season.

1.15 Proportion of AGR employers who anticipate filling all vacancies in 2008



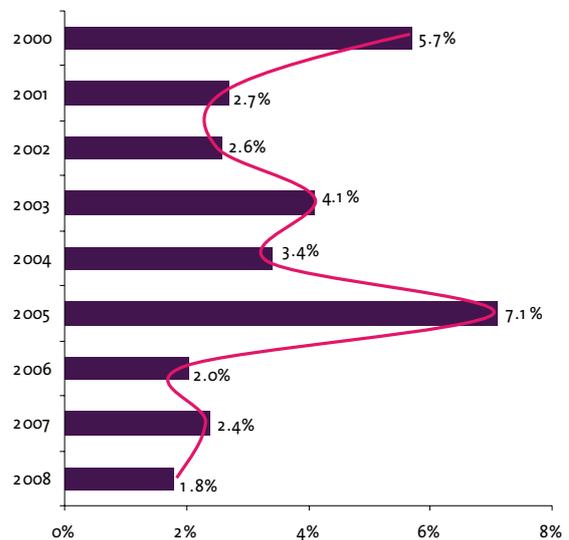
1.16 - Numbers of unfilled vacancies



Graduate Salaries in 2008

Growth in median starting salaries paid to graduates by AGR employers remains modest. Indeed, 2008, as Chart 1.17 shows, sees a slowing of the rate of increase: the figure of 1.8% is notably lower than both 2007's rate of 2.4% and the 2.1% anticipated for 2008 in the last Winter Review. Indeed this figure is the lowest since the survey began in 2000.

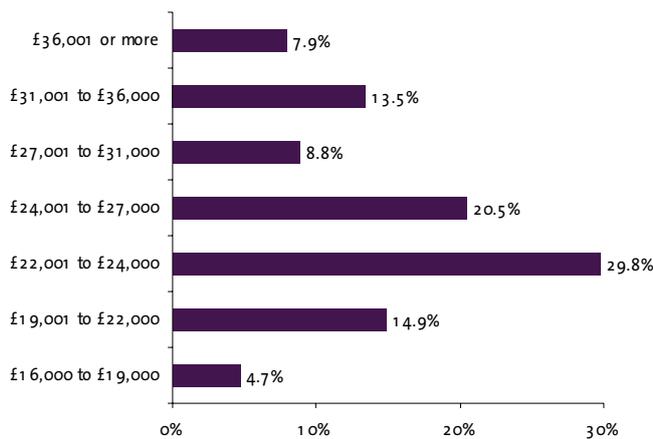
1.17 Changes in median graduate starting salaries at AGR employers 2000-2008



The median salary earned in 2008 by graduates recruited by AGR member organisations stands at £24,500, which represents a very gentle increase on 2007's weighted median figure of £24,063. The trend, then, of restrained salary increases remarked upon in the last Winter and Summer Reviews seems to be firmly confirmed.

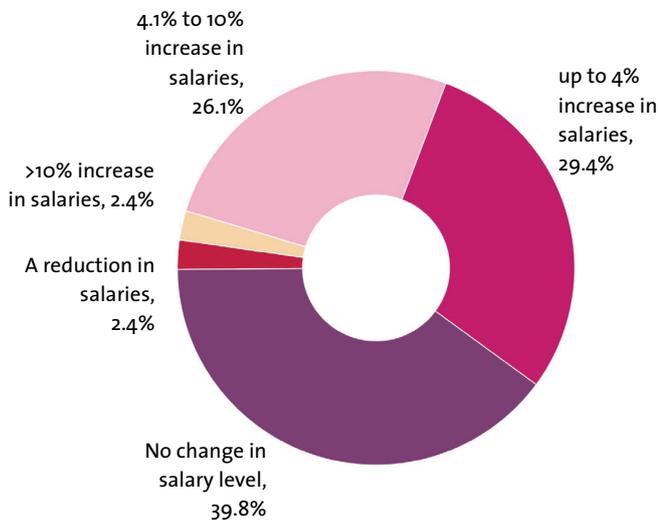
Chart 1.18 illustrates the frequency with which payment in various salary brackets occurs at AGR employers. While a good fifth (20.5%) of members are paying in the bracket into which the overall median falls - £24,001 to £27,000 -, the most frequently cited category is £22,001 to £24,000, a range relevant to 29.8% of respondents. Lower median salaries (£16,000 to £19,000) are offered by a lower percentage of organisations – 4.7% - while high salaries of £36,001 and above are offered by 7.9%.

1.18 Graduate starting salaries at AGR employers in 2008



In Chart 1.19, we see a breakdown of what changes AGR members have made to their salary levels for 2008. The percentage of participants expecting their graduate salary levels to remain constant is – at 39.8% - virtually unchanged from that for 2007 in the last Winter Review, where it was 39.4%. The current data shows the possible beginnings of a cautious upward trend creeping in: just 29.4% (as opposed to a figure of 39.4% in the Winter Review) anticipate a modest increase of up to 4%, while over a quarter (26.1%) foresee a rise of 4.1% to 10% (in contrast to only 13.3% in the Winter edition).

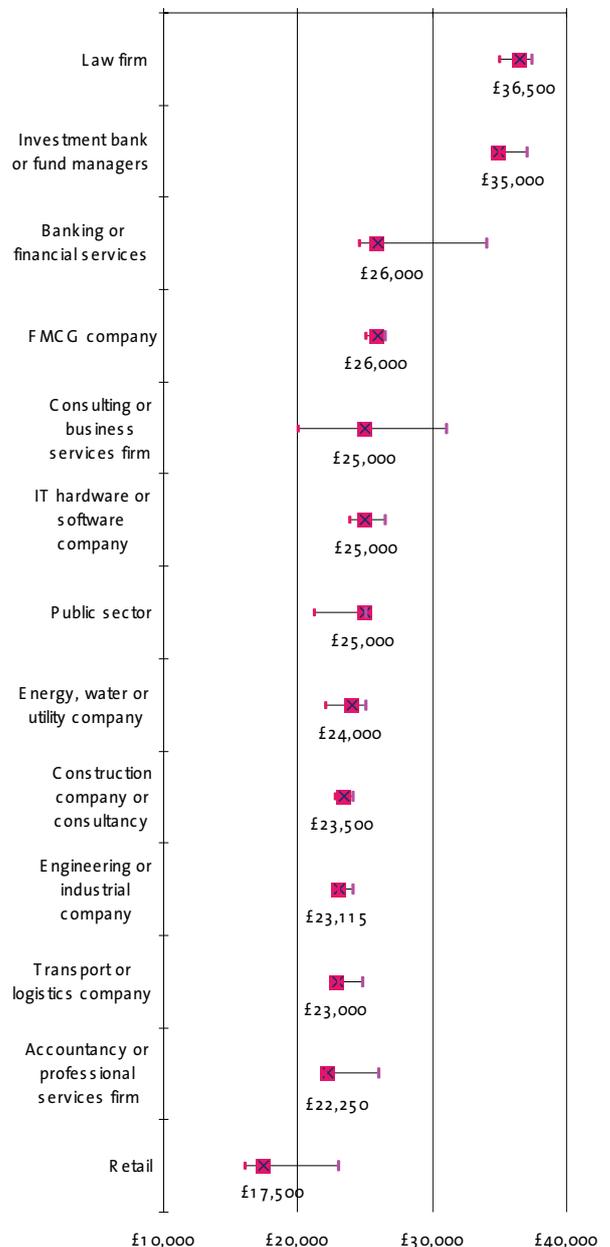
1.19 Graduate salary level changes 2007 to 2008



Graduate Salaries by Business Sector

In 2008, law firms establish their claim on the top spot in terms of median graduate starting salaries paid by AGR members (Chart 1.20). Whereas the 2007 figures in the 2008 Winter Review had law firms offering £35,000 (a figure very close to that for investment banks or fund managers), the current edition sees law firms offering the highest median salaries at £36,500 with investment banks coming next offering salaries of £35,000. The inter-quartile ranges of these two sectors, however, are almost identical and are narrow; demonstrating fairly consistent pay across companies in these sectors.

1.20 Median starting salaries by type of organisation in 2008



Banking and financial services is some way behind, with its median of £26,000 (equal to that of FMCG companies) representing a striking fall on the Winter Review's 2007 figure of £29,000; the reason for this is not salary reductions by AGR members in this sector, but rather high levels of recruitment in organisations paying lower salaries. Consulting and business services along with banking/financial services and consulting have similarly large inter-quartile ranges. This means that these industries experience widely varying pay for new recruits in relation to construction or IT where homogeneity prevails. The median of £25,000 in IT is equal to that in consulting and in the public sector.

Table 1.21 shows changes to graduate salaries anticipated for the 2008 season from the previous year by organisation type. There is nothing in the way of spectacular growth in evidence, with the - in terms of absolute numbers - relatively small sector of energy, water and utilities heading the list with predicted growth of 4.3%. The public sector, investment banks and fund managers, and transport or logistics companies expect no change. As mentioned in the previous paragraph, the banking or financial services sector is set to witness a 13.3% drop in median salaries paid to graduate recruits in the 2008 recruitment season, the cause being a pull downwards of the middle value in salaries by higher recruitment levels at lower paying organisations. Consulting or business services firms are also anticipating a slight reduction.

Table 1.21 - Changes to median salaries in 2008 by sector

	% change in median starting salaries
Energy, water or utility company	↑ 4.3%
IT hardware or software company	↑ 4.2%
Engineering or industrial company	↑ 4.1%
FMCG company	↑ 4.0%
Construction company or consultancy	↑ 3.9%
Telecommunications company	↑ 3.7%
Retail	↑ 2.9%
Law firm	↑ 1.4%
Accountancy or professional services	↑ 1.1%
Public sector	no change
Investment bank or fund managers	no change
Transport or logistics company	no change
Consulting or business services	↓ -4.8%
Banking or financial services	↓ -13.3%

Graduate Salaries by Geographical Location

It comes as no surprise that London leads the median-salary field (Table 1.22), with a median graduate starting salary of £28,375; the inter-quartile range is also strikingly broad, with the upper quartile reaching up to £35,000 and the lower going down to £25,000. No other geographical region in the UK rises above the 2008

overall median of £24,500, although the South East's median figure (£24,000) is not far behind. The South West, East Anglia and Scotland have similar medians. The Midlands has slipped markedly down the median-salary list as compared to that in the 2007 Summer Review; whereas this area was joint third-placed behind the South East with a median of £22,000, it is now joint third-from-bottom with £21,500. It is important to note, however, that UK regional differences in median salary outside London and the South East are relatively small.

Table 1.22 - Starting salaries by geographical location in 2008

	Median	Upper Quartile	Lower Quartile
London	£28,375	£35,000	£25,000
South East	£24,000	£26,500	£22,000
South West	£23,450	£25,000	£22,500
East Anglia	£23,250	£24,500	£21,128
Scotland	£23,000	£25,000	£20,500
North West	£22,500	£24,000	£20,166
Yorkshire	£22,000	£23,500	£20,500
Northern Ireland	£21,500	£24,625	£15,500
The Midlands	£21,500	£24,000	£20,000
North East	£21,000	£23,000	£19,500
Wales	£21,000	£22,500	£20,000
Rest of the world	£53,000	£53,000	£26,750
Asia	£36,000	£36,000	£26,750
Europe	£35,000	£37,000	£20,000
Ireland	£25,000	£26,500	£25,000
USA	£20,000	£20,000	£20,000



The startlingly high median recorded for the 'rest of the world' is down to distortions caused by a low number of companies recruiting significant graduates from the UK for overseas posts. Medians are also high for Asia and Europe; again the non-UK figures, are to be read with the caveat that they are derived from comparatively small bases.

Graduate Salaries by Career Area

As Chart 1.23 illustrates, legal work and investment banking share first place in terms of median starting salary by career area in 2008; legal work heads the table due to the slightly higher upper quartile; actuarial work (median £28,000) and consulting (£27,600) follow some way behind. IT and sales each pay median salaries of £25,000. General management, with a median of £21,000, brings up the rear in terms of job area in AGR organisations.

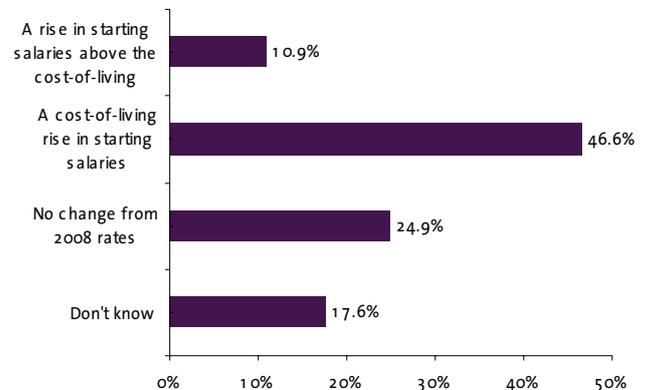
Table 1.23 - Median starting salaries by career area in 2008

	Median Salaries	Upper Quartile	Lower Quartile
Legal work	£36,000	£37,400	£35,000
Investment banking	£36,000	£37,000	£35,000
Actuarial work	£28,000	£30,000	£25,000
Consulting	£27,600	£31,000	£27,000
IT	£25,000	£29,200	£23,000
Sales	£25,000	£27,000	£23,500
Science	£24,000	£32,000	£23,000
Purchasing	£24,000	£25,500	£23,000
Human resources	£24,000	£25,000	£22,500
Research and development	£23,500	£25,500	£23,000
Electrical/electronic engineering	£23,500	£25,000	£22,000
Civil engineering	£23,500	£24,000	£22,500
Mechanical engineering	£23,250	£24,000	£22,000
Manufacturing engineering	£23,000	£25,000	£22,500
Logistics	£23,000	£23,500	£23,000
Retail management	£23,000	£23,000	£20,000
Marketing	£22,500	£24,500	£20,000
Accountancy	£22,000	£26,000	£21,500
Financial management	£22,000	£26,000	£21,000
General management	£21,000	£25,000	£16,000

Expected Changes to Salary Levels in 2009

Caution prevails as AGR graduate employers look ahead to 2009. An increase in starting salary levels merely to cover the rise in the cost of living (however substantial that may currently be) seems the way to go for almost half (46.6%) of Survey respondents (Chart 1.24). Just a tenth (10.9%) anticipate raising graduate starting salaries above the cost of living, a figure which has almost halved in comparison to that in the 2007 Summer Review, in which 19.4% intended to increase salaries for 2008 above the cost of living— this difference bears impressive witness to the currently cautious climate. Very nearly a quarter (24.9%) of AGR members are not expecting their salaries to change at all, providing yet further evidence of companies battenning down the pay hatches.

1.24 - Predicted changes to Graduate starting salaries at AGR employers in 2009

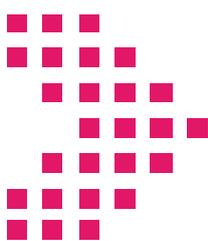


Recruitment of Teachers

Recruitment into teaching is not included in the report other than through the Teach First programme. 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 2007, in its most recent annual census on graduate recruitment into ITT, the TDA reported that almost 38,500 new trainees entered, or were forecast to enter teacher training this academic year, of whom around 30,000 are graduates. This was 3% fewer than in the previous year. 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

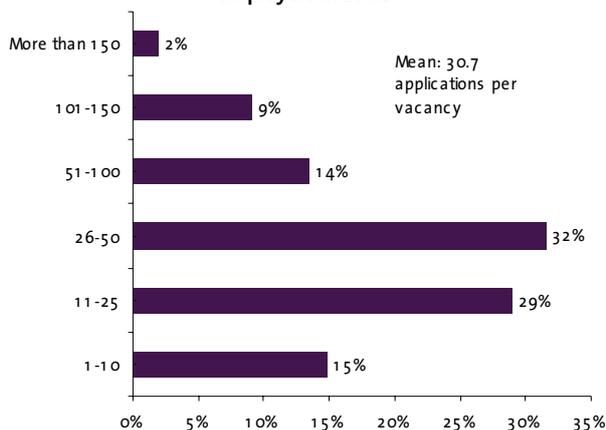
One of the objectives of The AGR Graduate Recruitment Survey 2008 is to assess the techniques used by AGR members to attract and recruit graduates. In line with this aim, Chapter 4 of this year's Winter Review presented information about AGR employers' recruitment marketing practices. In particular, it covered marketing budgets and how AGR members go about spending these funds.

In the Summer Review, the focus passes from attracting to assessing graduates: the questionnaire asked AGR members about the number of applications received for graduate vacancies during the 2008 recruitment season; the organisational framework and the nature of their selection process, such as selection criteria, success and acceptance rates; and the time taken to process applications.

Applications to Graduate Employers

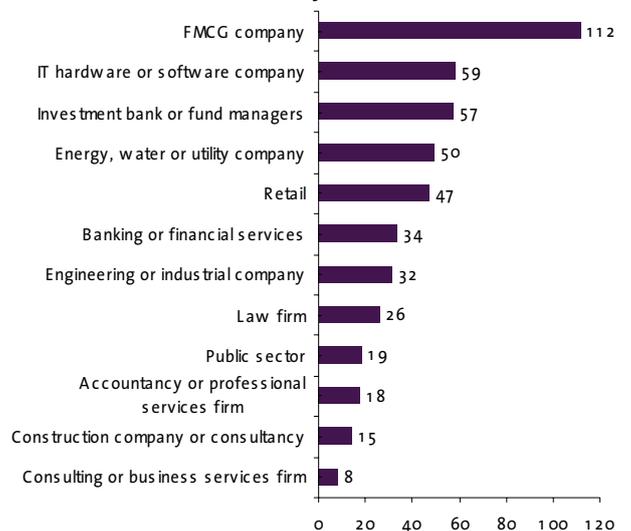
If the repeated increase in the mean number of applications for graduate schemes received by AGR members is anything to go by, competition on the graduate market is slowly but surely intensifying: where in 2007, Survey participants received a mean of 29.2 applications per vacancy, each vacancy in 2008 was contested by 30.7 candidates. Chart 2.1 shows that AGR employers most frequently received between 26 and 50 applications per vacancy (31.6% of respondents report this), and 29.0% of employers had 11-25 applicants contending for each space.

2.1 - Applications per graduate vacancy received by AGR employers in 2008

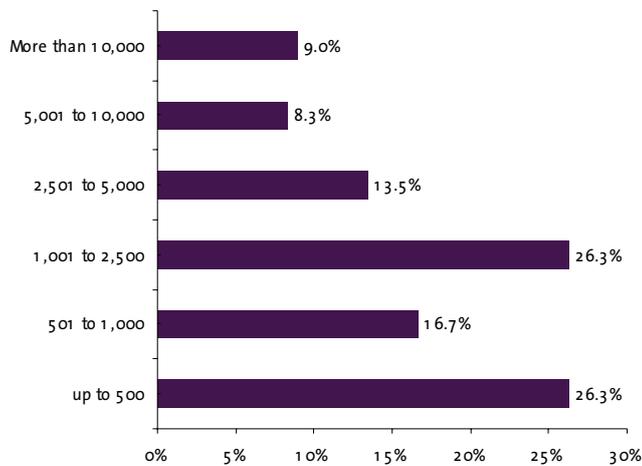
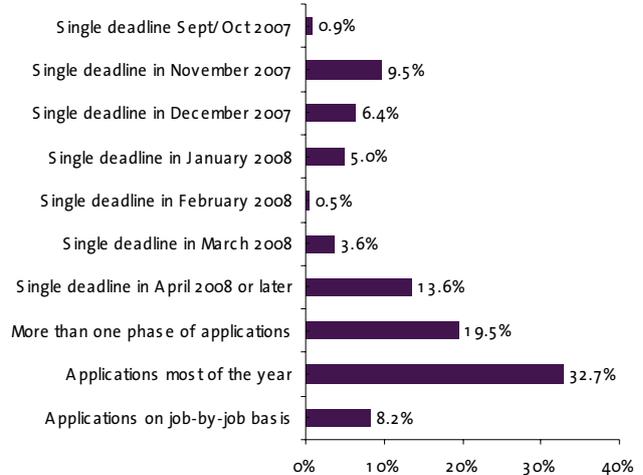


There is considerable variation in the level of competition for vacancies among business sectors. The FMCG trade – as Chart 2.2 indicates - appears the most competitive sector for graduates in 2008, with a mean of 112 candidates per available vacancy. IT is an interesting performer in this respect: while in the 2007 Summer Review only 22 applications were received per vacancy in this sector, 2008 has seen 59 applicants for every graduate IT job. Investment banking has seen a similar (slightly less marked) effect, with 26 candidates per vacancy in 2007, but 57 in 2008. The prestigious sectors of accountancy and consulting are relatively – at least quantitatively – low on competition, with the former attracting 18 applicants per job in 2008, and the latter just 8 – however, this apparently strikingly low figure should be seen in the context of a marked rise in vacancies in consulting.

2.2 - Applications per graduate vacancy to AGR employers in 2008, by sector



There has been a fairly striking increase in the percentage of AGR employers receiving a total number of applications of 500 or fewer (refer to Chart 2.3). In last year's Summer Review, this group comprised under a fifth (18.5%) of Survey participants; this year, however, the figure has swollen to over a quarter (26.3%) of members. An equal percentage received between 1,001 and 2,500 applications in total in 2008. Organisations deluged this season with 10,000 applications or above make up just under a tenth (9.0%) of respondents to the Survey.

2.3 - Total applications received by AGR employers in 2008**2.4 - The application process at AGR employers in 2008**

Reporting Application Figures & Sector Recruitment

Please note that 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. 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.

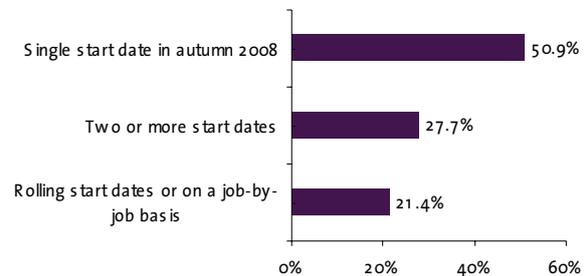
Recruitment practices and policies vary widely from sector to sector, an obvious example being law firms, where recruitment lead times of 2 years are standard. The timing of law firm recruitment (as with certain other individual organisations) also means that the timing of the survey field period is not entirely conducive to gathering data for some specific questions such as application numbers.

The Application Process in 2008

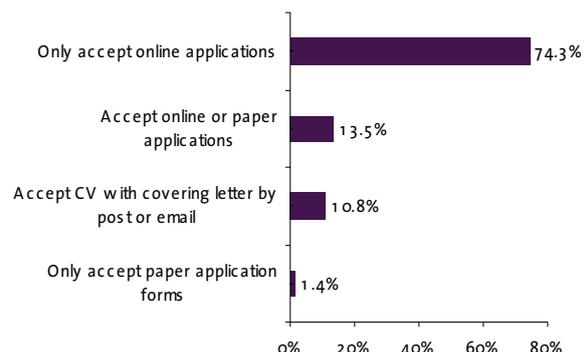
Flexible application policies, with applications accepted during most or all of the year, are in place in nearly a third (32.7%) of AGR member organisations. A further fifth (19.5%) operate multiple application phases during the recruitment season. Of the organisations which prefer single application deadlines, the most popular times are April or later (cited by 13.6% of all respondents to the question) and November (9.5%). (See Chart 2.4).

Chart 2.5 details starting dates on offer for successful applicants to AGR organisations. The single autumn start date – in this case in the autumn of 2008 – is the

method of choice for half (50.9%) of members. Of these, 79% start their new graduate employees in September. Of the 27.7% who use multiple start dates, March and September is a particularly favoured combination. Unlike applications, start dates seem to adhere more rigidly to fixed patterns: just 21.4% of members offer rolling start dates or organise them on a job-by-job basis.

2.5 - Start dates

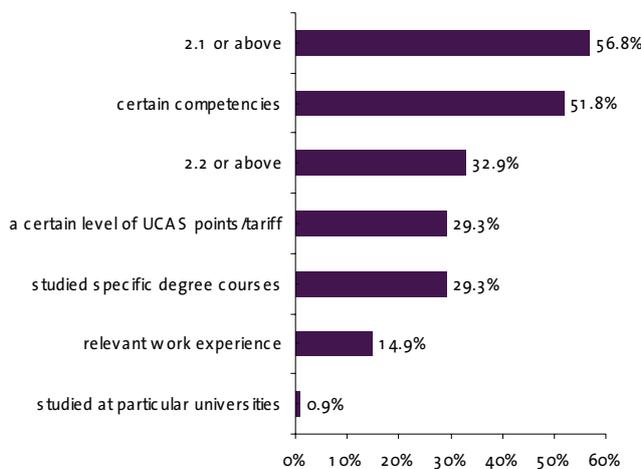
The online application is maintaining its dominance in 2008, as Chart 2.6 shows: as last year, around three-quarters (2007: 76.9%; 2008: 74.3%) of AGR employers only accept applications submitted online. The traditionalists who only accept paper applications make up a minute minority of 1.4% in 2008.

2.6 - The application methods at AGR employers in 2008

Selection Criteria

Is repeated media discussion of the devaluing of degrees beginning to worry graduate recruiters? We reported last year that the 2:1 was ‘still the gold standard of application criteria at AGR employers’ (source: AGR Recruitment Survey 2007 – Summer Review, trendence Institute). This year, however, the demonstration of ‘certain competencies’ is inching up on the ‘2:1 or above’ as the most frequently cited application criterion at AGR organisations (see Chart 2.7). In 2007, the 2:1 still had a 10-percentage-point lead on (other) competencies. Another interesting finding is the increasing acceptability of the 2:2 to graduate recruiters: just 24.7% recognised it as an application requirement in 2007, while the current edition sees 32.9% giving a 2:2 or above as the necessary standard. There seems to be a gradual trend towards demanding particular skills of applicants: requirements to have studied a certain subject or to show relevant work experience are somewhat more common in 2008 (29.3% and 14.9% of employers respectively cite these) than in 2007 (24.2% and 10.6%). Please refer in this context to our discussion of ‘world class skills’ in Chapter 4.

2.7 - Requirements at AGR employers in 2008



A particular UCAS tariff minimum is an application requirement for 29.3% of respondents. Table 2.8 shows which levels those AGR employers who make this stipulation require. Getting on for half – 43.4% - ask for a minimum of 300 UCAS points. In total, a good quarter (26.4%) of respondents asking for certain UCAS points levels pitch their requirements at 320-360 points, and 30.2% are less exacting, setting their threshold at between 240 and 280.

UCAS points / tariff	% of AGR employers
240	13.2%
260	5.7%
280	11.3%
300	43.4%
320	11.3%
340	13.2%
360	1.9%

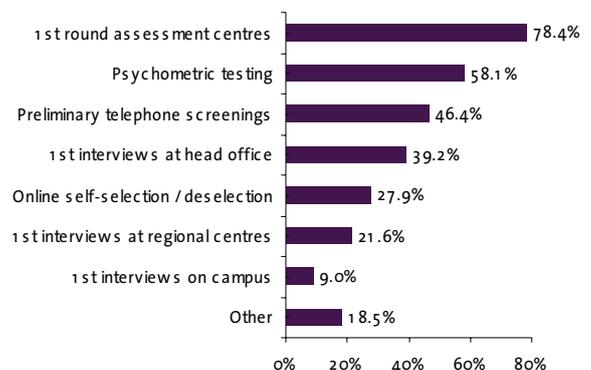
Base: Percentage of AGR employers who have minimum UCAS point / tariff requirements

We asked our members an open text question as to whether they have recently changed or plan to change their selection criteria, and, if so, why. Some of the comments entered in response to this question confirm our findings above in relation to the erosion of the 2:1’s gold-standard role. One employer says that the 2:1 is to be removed as a candidate requirement; another, strikingly, has changed the specification to a 2:2 to widen the talent pool. A further member reports that their company will be accepting candidates with a 2:2 degree if the candidate can show relevant competencies and/or work experience, whereas in the past such candidates with a 2:2 were rejected. A succinct summary of the seeming shift from ‘pieces of paper’ to ‘skills’ can be found in one respondent’s comment noting that life skills are important to consider as well as academic ones.

Methods of selection

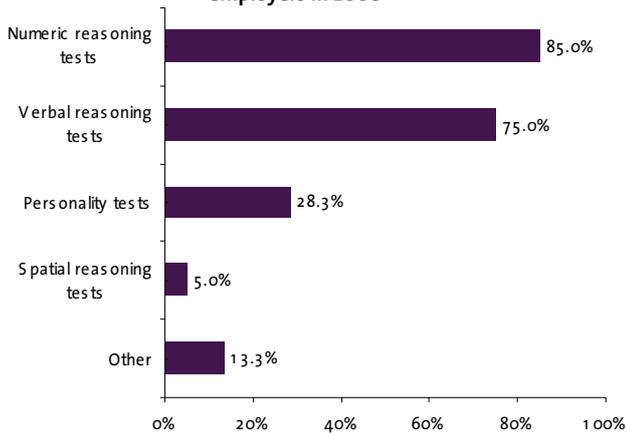
Chart 2.9 presents a picture of selection methods used by AGR employers. The final-round assessment centre remains the most popular, with such events being run by 78.4% of respondents in 2008. Psychometric testing – a new entry to our surveyed list of selection methods, after our focus on the subject in 2007’s Summer Review – enjoys a great deal of trust among our members, with 58.1% employing it in selection processes. Preliminary telephone screenings, used by 46.4% of employers, remain popular.

2.9 - Selection methods used by AGR employers in 2008



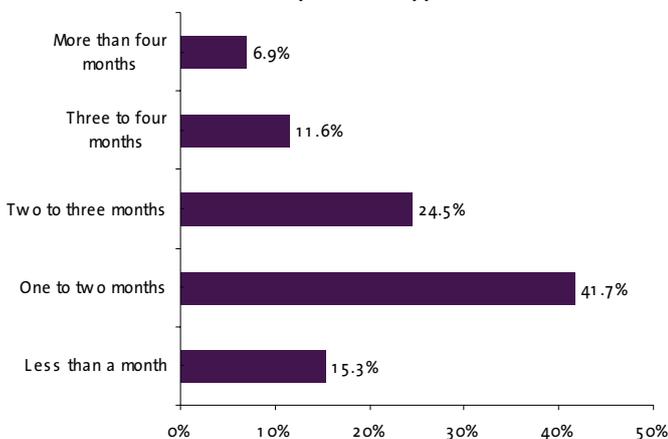
In Chart 2.10, we look in detail at those AGR members – 27.9% of the total – who reported using online self-selection or deselection exercises for their candidates. Numeric reasoning tests are top of the list, with 85.0% of those respondents employing online exercises testing this area; verbal reasoning though, is not far behind, tested online by 75.0%. These two areas are by far the most popular for online self-selection.

2.10 - Self-selection / deselection methods used by AGR employers in 2008



In general, AGR members can pride themselves on rapid processing of graduate applications, as Chart 2.11 shows. Over two-fifths (41.7%) report that their average processing time for an application in 2008 is between one and two months, while a further quarter (24.5%) take between two and three months and a particularly speedy 15.3% deal with an application within a month. In all, over four-fifths (81.5%) of AGR organisations have processing times of three months or less. To make a comparison with last year we can see that the speed of processing is picking up. In 2007, recruiters were able to process only 52.3% of applications, this year the figure has risen to 57%.

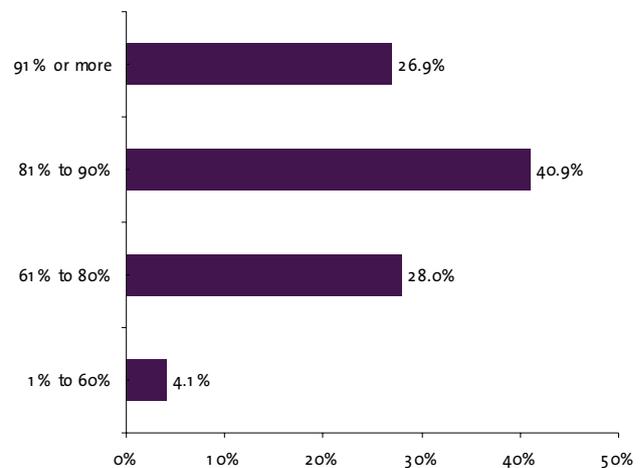
2.11 - Time taken to process an application



Acceptance rates

When the coveted job offer is made, how many of the favoured applicants accept? Chart 2.12 illustrates our findings in this question: More than a quarter – 26.9% - of AGR employers can report that in 2008, more than 90% of their graduate job offers were taken up. The equivalent figure in the 2007 Summer Review is 32.9% - are applicants becoming still more discerning or less reliable? Two-fifths – 40.9% - of respondents had between 81% and 90% of their job offers accepted, and acceptance rates are 61% to 80% for a further 28.0%.

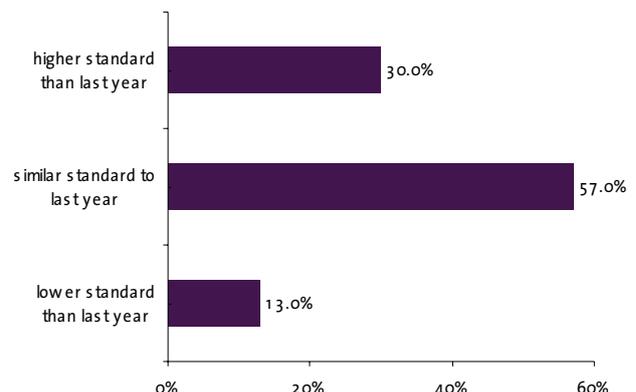
2.12 - Job acceptance rate as a percentage of offers



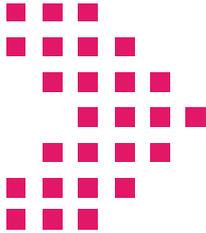
Quality of Applications

How do graduate recruiters regard this year's graduate crop? A majority – 57.0% - of AGR employers feel that the applications received by their organisation in 2008 were of much the same standard as last year's; 30.0% are more impressed, judging this year's applications to be of a higher standard, and only 13.0% consider standards to have slipped (see Chart 2.13). There is very little change between these figures and those reported in last year's Summer Review.

2.13 - Quality of applications in 2008 compared to 2007



3

Chapter 

**Graduate
Retention
and
Development**

Graduate Retention and Development

Introduction

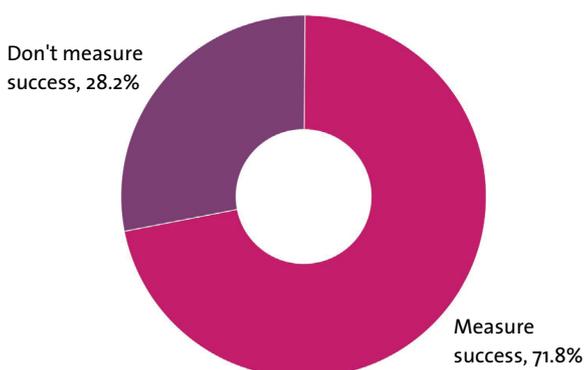
The third chapter of The AGR Graduate Recruitment Survey 2008 – Summer Review mirrors a graduate recruit's progression from the application and assessment process to the next stage: how long do graduates remain with an organisation, what keeps them there (or sends them job-hunting), and how do they develop within the organisation? 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 importance of this issue in the intense 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 in our members' organisations. This Summer Review thus contains a new and increased focus on the assessment of graduate development programmes' effectiveness, graduates' support in their organisation and the rotation of new graduates in AGR organisations on placements.

Assessing Graduate Development Programmes

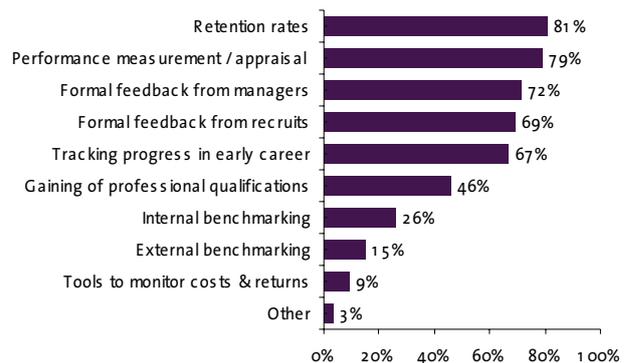
There is clearly an emphatic awareness among AGR employer members of the importance of analysing and assessing the success of the organisation's graduate development programme – the knowledge that at the point of recruitment, the war for talent is only half-won. As Chart 3.1 illustrates, an impressive 71.8% of Survey respondents measure the success of their graduate development programmes.

3.1 - Measuring graduate development programmes



Which criteria feature in such assessments as indicators of success? Chart 3.2 provides answers. It is, of course, logical that a satisfied and successful graduate is more likely to stay with the organisation: 80.9% of those who measure their development programmes' success agree, using retention rates to quantify this success. Close behind, cited by 78.9%, is the use of performance measurement or appraisal: it is equally intuitive that a well-performing graduate is a successfully-developed one. Managers are asked to give formal feedback at 71.7% of organisations surveyed, and graduates at 69.1%. Two-thirds track their graduates' progress throughout their early career.

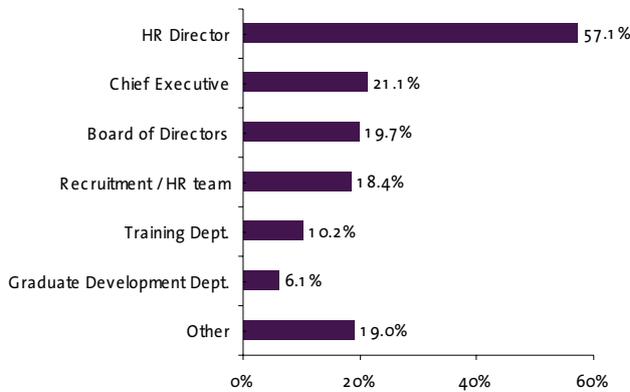
3.2 – Ways companies measure graduate development success



Base: AGR members measuring graduate recruitment / development success

And which people in AGR organisations are involved in the appraisal of graduate development programmes? Chart 3.3 shows that HR directors are by far the most commonly responsible for this area. Chief Executives and Boards of Directors are charged slightly more frequently than are recruitment/HR teams with assessing the success of graduate development programmes.

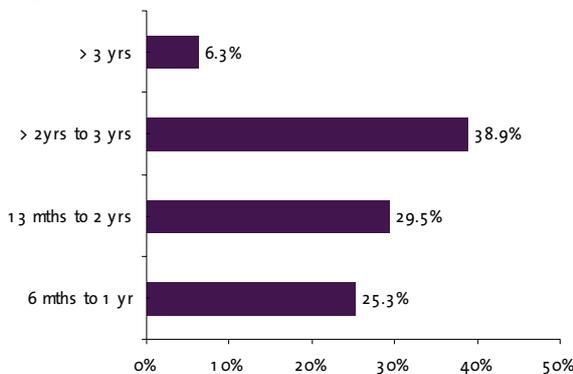
3.3 The people who measure graduate recruitment programme success



Base: AGR members measuring graduate recruitment / development success

In Chart 3.4, finally, we see the time periods after which Return on Investment in graduates is measured in AGR members' organisations. While it is most common to assess at a point between two and three years down the line – this happens in 38.9% of organisations –, a good quarter (25.3%) measure ROI very early, between 6 months and one year, and 29.5% conduct assessments during the second year. Longer time periods are rarely cited.

3.4 Period after which Return on Investment is measured



Base: AGR members measuring graduate recruitment / development success

Although formalised support within organisations clearly has an important role to play, the support method with the most emphatic vote of confidence is graduates' own support network: almost as many respondents rate this method as 'very effective' (46.6%) as consider it 'effective' (48.9%) (please refer to Table 3.5). Mentoring is also a highly valued method, with mentors viewed as 'very effective' by 44.8% and 'effective' by 48.3%. Line managers, interestingly, have a considerably higher percentage of votes in the 'effective' than the 'very effective' category, while buddy schemes are seen as 'very effective' by fewer still. Coaches come out unequivocally bottom of the list: two-fifths consider them 'effective', but 31.6% experience their effect as 'neutral'.

Additionally, we asked if members could cite any other methods they found effective. Support from HR and from dedicated Graduate Recruitment and Development teams received numerous mentions.

Table 3.5 - Effectiveness of trainee support methods

	not effective	not very effective	neutral	effective	very effective
Graduates' own support network	0.6%	0.0%	4.0%	48.9%	46.6%
Mentors	0.6%	1.1%	5.2%	48.3%	44.8%
Line managers	0.0%	1.0%	9.6%	54.8%	34.5%
Buddies	0.6%	1.8%	14.6%	54.3%	28.7%
Coaches	1.1%	4.2%	31.6%	40.0%	23.2%

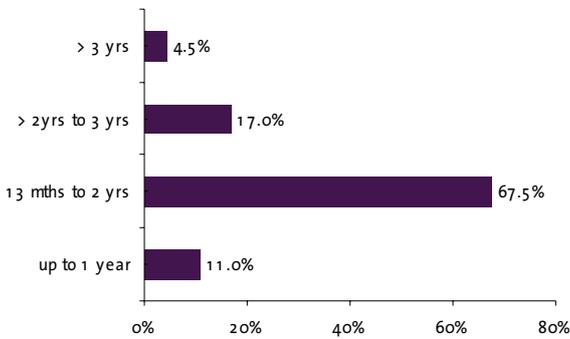
Effectiveness of Support Methods for Graduates

A first graduate position is a steep learning curve. Organisations recruiting graduates are therefore naturally concerned with providing their new talent with support in their roles, and can choose from a variety of methods for implementing this support. We asked our members to rate the effectiveness of selected methods of graduate support, on a scale from 'not effective' to 'very effective'.

Graduate Development Programmes at AGR Employers

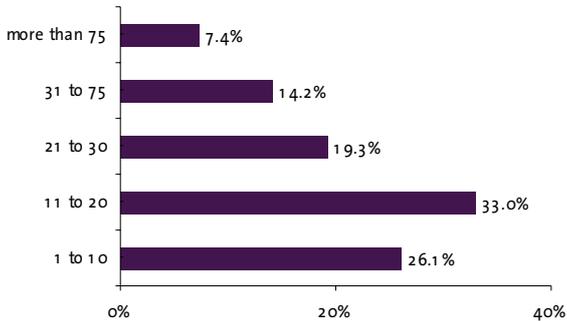
More than half of graduate development programmes run by AGR member organisations last for two years. Correspondingly, the answer category '13 months to 2 years' is the most frequently selected – by 67.5% - in response to our question regarding length of graduate development programmes (Chart 3.6). Other lengths are much less frequently cited. Programmes longer than two years presumably often entail gaining a professional qualification.

3.6 Length of Graduate Development Programme



The time of a graduate on a development programme will in the main be spent studying or working in the field. The extent of time devoted to development activities is generally fairly limited, as Chart 3.7 tells us. One-third of AGR organisations set aside between 11 and 20 days annually, and a quarter (26.1%) between 1 and 10. Above 20 days, the percentage of responses dwindle with higher time-intensity of development activities.

3.7 Number of days spent on development activities each year

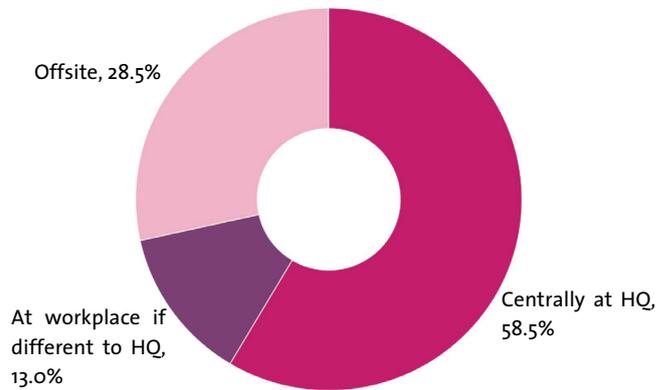


AGR employers' development programmes focus most strongly on functional development, with 73% of respondents citing this side of graduate development as the single main or equal main emphasis of their programmes. One-fifth concentrate principally on general development and just 15% on personal development.

Graduate Induction Programmes

Of the Survey participants responding to the question of whether they run an induction programme for graduates, 211 – the absolutely overwhelming majority – answer in the affirmative. Well over half (58.5%) hold the induction at their organisation's headquarters, while only 13.0% conduct it at the graduates' workplace, if this is not the main office. (Chart 3.8).

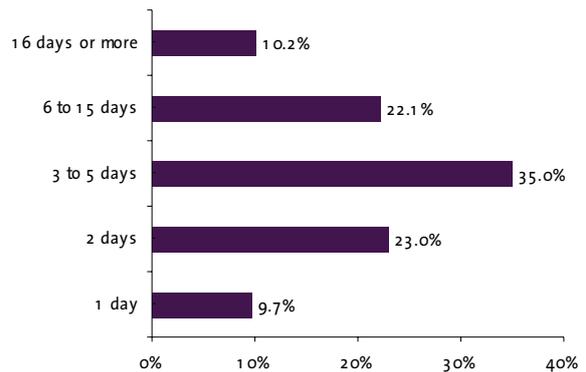
3.8 - Induction programme location



Base: AGR members which run induction programmes

Induction programmes are usually fairly brief, lasting 3 to 5 days at 35.0% of organisations who run inductions and longer than 16 days in only 10.2% of cases (see Chart 3.9). Almost equal numbers have 2-day (23.0%) and 6- to 15-day inductions (22.1%).

3.9 Number of days for the induction programme

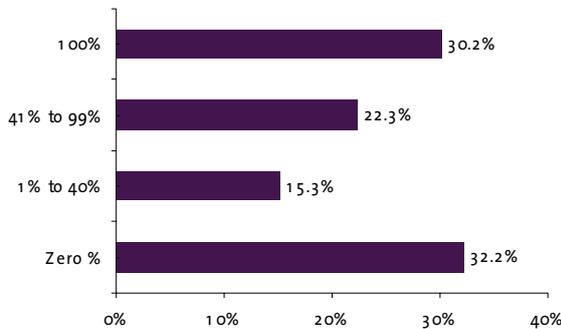


Base: AGR members which run induction programmes

Graduate Recruits and Professional Qualifications

While some graduate-entry fields necessitate the acquisition of professional qualifications, others place little or no emphasis on these, the requisite skills being learned mostly or wholly 'on the job'. There is a fairly even split between those AGR employers whose graduate recruits all work towards a professional qualification (30.2%) and those where none do (32.2%). In the middle ground, as Chart 3.10 indicates, there are the 22.3% of respondents where over 40%, but not everyone, study for professional qualifications, and the 15.3% where between 1% and 40% do so.

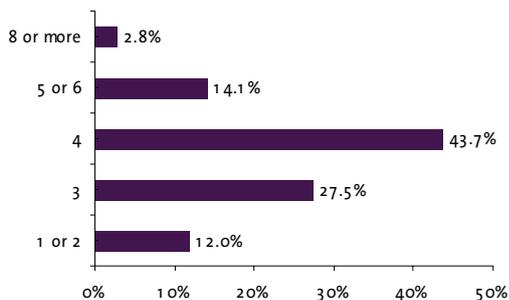
3.10 Proportion of graduate trainees who work towards a professional qualification



Placements in Rotation

Rotation of placements during graduate training is a common feature of development programmes. 79% of AGR members offer at least some rotation to their graduate recruits to give them exposure to different aspects of the business. Chart 3.11 illustrates that a rotation of four placements represents the most popular number of posts among organisations offering rotation, while a somewhat smaller proportion of AGR members offer three placements; and those offering 8 or more are even less common.

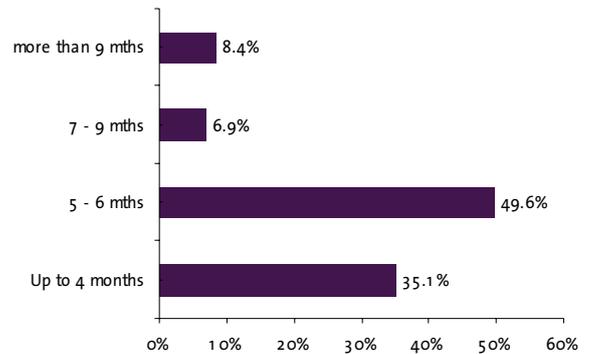
3.11 Number of placements in rotation programmes



79% say they offer some rotation as part of their programmes
Base: AGR members which run programmes with rotation

Almost half (49.6%) of organisations with rotation run placements of 5-6 months each, while a good third (35.1%) favour shorter placements; longer ones are unusual. (Chart 3.12).

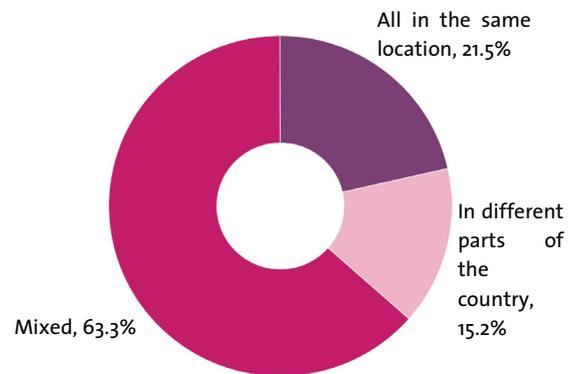
3.12 Length of placements (months)



Base: AGR members which run programmes with rotation

Of respondents operating placements in rotation, just over a fifth (21.5%) keep them all in the same location, while 15.2% send graduates to different parts of the country; as Chart 3.13 indicates, the majority (63.3%) have a mixed policy on this issue.

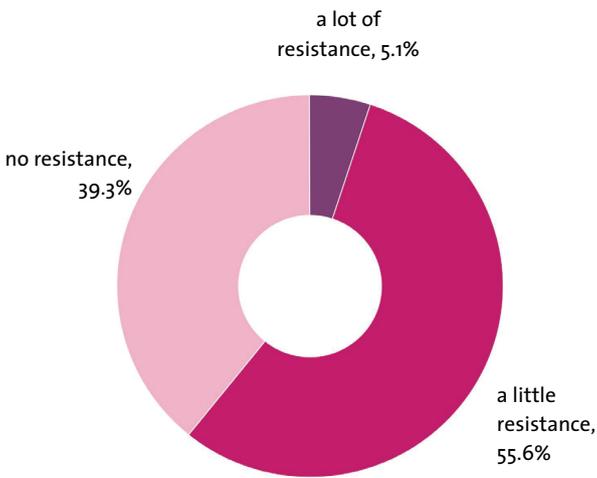
3.13 Placement locations



Base: AGR members which run programmes with rotation

While flexibility and mobility are essential skills in a graduate-level employee in our globalised world, varying locations of placements may not always be welcomed by graduates; Chart 3.14 measures the degree of resistance to being moved around that AGR members who vary locations encounter from graduate recruits. Nearly two-fifths (39.3%) claim that their graduates do not object at all; somewhat over half (55.6%) admit that there is 'a little resistance' to placement relocations, and a small minority of 5.1% have met with 'a lot of resistance'.

3.14 - Resistance to placement locations



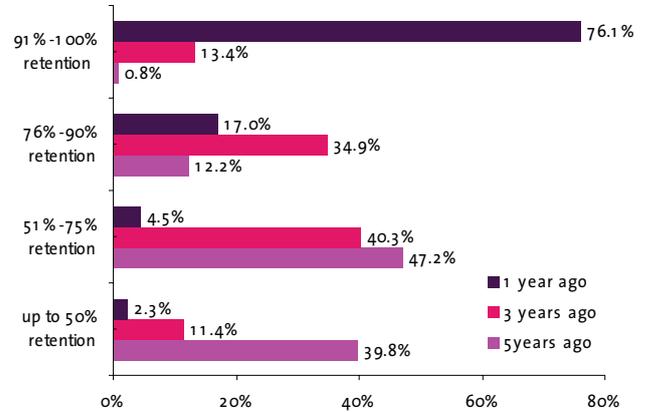
Base: AGR members which run programmes with rotation

Retention Rates in AGR Organisations

In order to ascertain in 'hard facts' the state of graduate retention at AGR employers, we asked our respondents to indicate what percentage of graduates recruited to their organisations to start work one, three and five years ago – in 2007, 2005 and 2003 respectively – remained working for them.

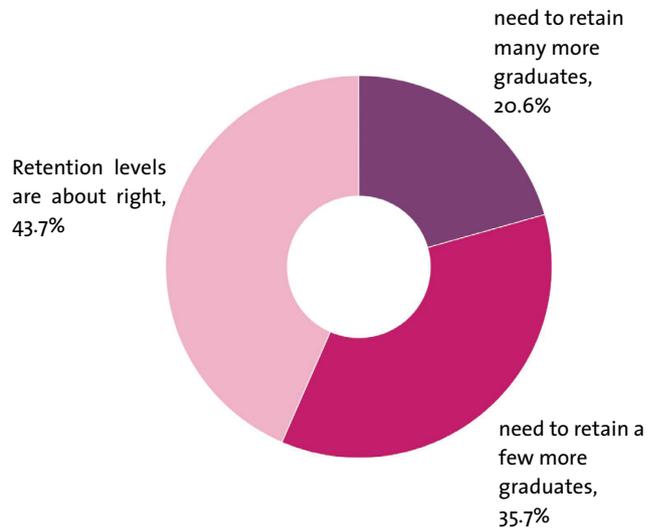
Mean retention rates for the 2007 cohort are at an impressive 94%; 76.1% of respondent organisations have 91% to 100% retention for this most recent intake (see Chart 3.15). For graduates recruited to start work in 2005, mean retention stands at 74%, and a massive drop in rates of 91%-100% retention (to just 13.4%) can be observed. Mean retention for the 2003 intake is 57%; it is not surprising that 91% to 100% retention declines with regard to this cohort to a tiny 0.8% of organisations.

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



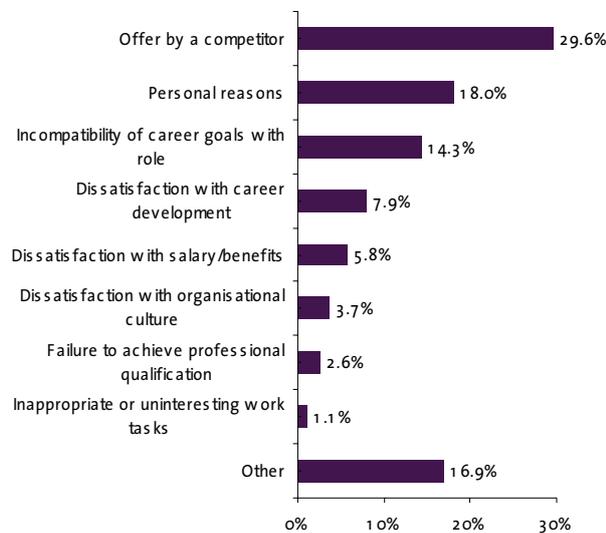
Are AGR employers satisfied with their retention rates? Chart 3.16 indicates that, unfortunately, the majority are not. Just 43.7% of Survey participants say their organisation's retention levels are 'about right'; this is a drop from a slender majority satisfied with retention rates in the 2007 Summer Review. A third (35.7%) of respondents feel their organisation needs to retain 'a few more' graduates, and, a fifth (20.6%) see themselves as needing to retain 'many more'.

3.16 - Graduate retention satisfaction

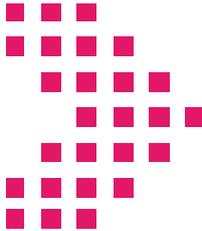


Asked why graduates leave their organisation, members' most frequently quoted reason is an offer by a competitor, followed by personal reasons. Dissatisfaction with some aspect of the organisation or role is a factor in 32.8% of graduate losses. Incompatibility of the graduate's career goals with their role is responsible for 14.3% of all resignations (see Chart 3.17). Failure to achieve a professional qualification leads to a parting of the ways in 2.6% of cases of graduates leaving AGR organisations. Only 1.1% of non-retentions are ascribed to 'inappropriate or uninteresting work tasks' – a positive signal for the overall 'fit' of applicants/recruits to roles at AGR employers.

3.17 - Reasons why recruits leave organisations



4

Chapter  **World Class Skills**

World Class Skills

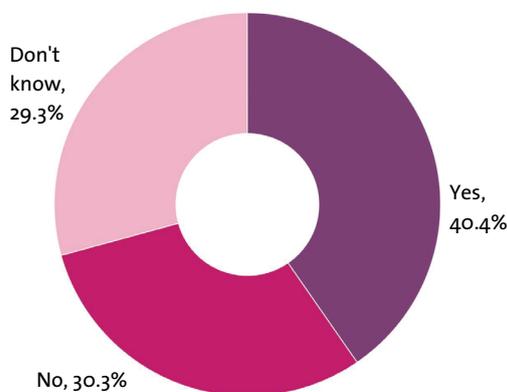
Introduction

The Government's high-profile commitment to 'joining the world's "premier league" for skills' by 2020 has brought the issue of the skills we will need in an increasingly complex and competitive global marketplace into sharp focus. (Source: HM Government, World Class Skills: Implementing the Leitch Review of Skills in England). As the creation of a new government Department for Innovation, Universities and Skills implies, graduate-level skills – or, perhaps better, skilled graduates – are a key factor in the UK's 'world class skills' profile. In this final chapter of the 2008 Summer Review, we move our focus to the bigger picture and present AGR members' views on the skills drive and on the areas of world class skills that they feel need the most urgent action if UK graduates are to possess the skills profile of competent actors on the world stage.

The Graduate Workforce in 2020

The Government has set itself the aim of 40% of the UK workforce holding a degree-level qualification by 2020 (the current figure stands at approximately 31%). There is much optimism about the realism of this goal among AGR employers, with two-fifths (40.4%) saying they believe this is achievable; nevertheless, there is a sizeable faction demonstrating scepticism, these comprise 30.3% who believe the goal will not be reached and almost as many again (29.3%) who answered 'don't know'. (Refer to Chart 4.1).

4.1 Belief that 40% of the workforce will achieve degree level by 2020

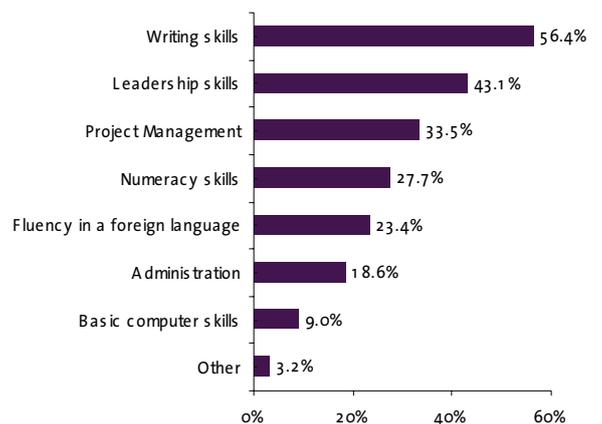


Predicted Skills Shortfalls

We observe a striking level of concern among our members with regard to the skills profile of the UK workforce, specifically of graduates. Certain skill areas appear to be particularly problematic. Asked where they see shortfalls in levels of 'hard' skills among UK graduates, a majority (56.4%) express concern about writing skills, a field which would no doubt include issues of literacy – a call to action for the education system (see Chart 4.2). Furthermore, 43.1% predict deficits in leadership skills among graduates; this seems particularly worrying as graduates in organisations are frequently trained for leadership roles.

A third (33.5%) of members are concerned about project management skills. In the context of alarming public debates on people emerging from the education system with a lack of literacy and numeracy skills, it comes perhaps as a slight surprise that numeracy is a worry for a relatively small percentage – 27.7% - of our respondents. Although UK graduates are by all accounts behind their European and often international counterparts in terms of foreign languages, only 23.4% feel that foreign language fluency is a skill area that is lacking.

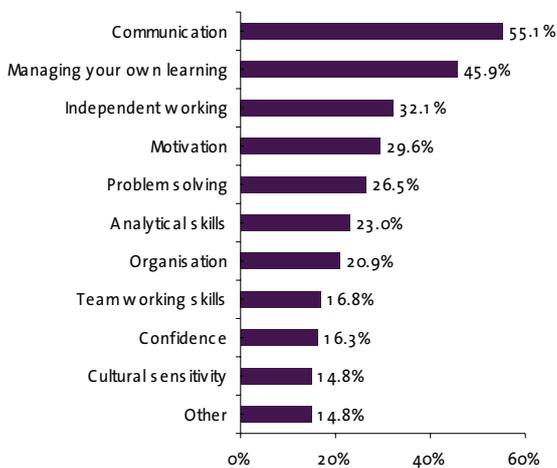
4.2 - Predicted shortfalls in hard skills



There has for some time been much discussion of 'soft' skills, deficits in these areas and potential remedies in public discourse about universities and graduates. Chart 4.3 focuses on this perennial hot topic, showing which areas of 'soft' skills AGR employers feel pose the most serious problems in terms of room for improvement among graduates. The results are sobering. The majority (55.1%) worry about communication skills – which might lead one to ask whether this is an innate characteristic of the much-vaunted Generation Y (featured in the 2008

Winter Review) or whether increased student debts and pressure to self-fund degrees are leading to a slide in participation in skill-building extra-curricular activities. It is striking that 45.9% are sceptical regarding the ability of graduates to manage their own learning: a deficit in this skill, vital in a world where lifelong learning will become increasingly important, has the potential to cause serious difficulties for graduates and their employers. In an extension and confirmation of this finding, 32.1% see skills shortfalls in the area of independent working. Between 20% and 30% are each concerned about such key skills areas as motivation (29.6%), problem solving (26.5%), analytical skills (23.0%) and organisation (20.9%).

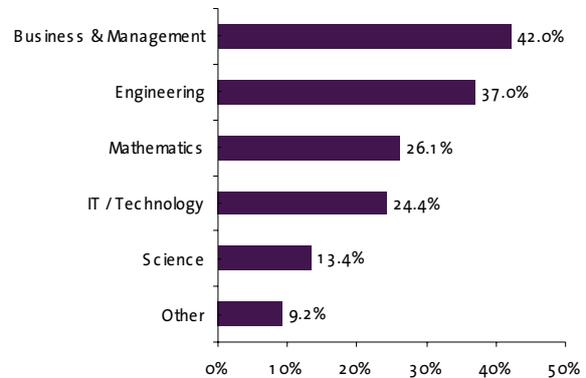
4.3 - Predicted shortfalls in soft skills



A relatively large proportion of respondents – 14.8% - selected the 'Other' option, either alone or in addition to skills areas from our list. Of these respondents, a significant number mentioned commercial awareness or knowledge of the office or business environment. Further, qualities often said to be in short supply among Generation Y, include 'maturity', 'realistic expectations', 'respect of other people's experience' and, even rather damningly, 'common sense'.

It seems, going by the findings depicted in Chart 4.4, that there are still difficulties in maintaining adequate skills and knowledge levels in the graduate pool in areas which are vital to the UK's performance in the world economy. Business and management and engineering are the two knowledge areas in which AGR members (42.0% and 37.0% respectively) most frequently predict shortfalls. Around a quarter each worry about levels of knowledge in mathematics (26.1%) and IT/technology (24.4%). On a more optimistic note, despite high-profile science department closures in recent years and concomitant concerns about the future of science in the UK, only 13.4% of respondents anticipate that this knowledge area will suffer shortfall.

4.4 - Predicted shortfalls in knowledge areas



Developing World Class Skills

We asked members to rate the importance of a series of measures for the improvement and development of world class skills on a scale of 'not important' to 'highly important'. A majority (55.3%) view special attention to young people who display the most potential as 'highly important', and a further 36.2% consider this 'important'. It seems that the Gifted & Talented schemes in implementation in the education system are, at least in the view of graduate employers, on the right track. The idea of channelling students into the most-needed subjects also receives – as Table 4.5 also illustrates – an overwhelmingly positive resonance, with 46.2% describing this measure as 'highly important' and 34.5% as 'important'.

Table 4.5 - Focus areas for developing World class skills

	not important		neutral		highly important
Nurturing young people who have the most potential	0.0%	1.0%	7.5%	36.2%	55.3%
Channelling students into the most needed subjects	2.0%	4.6%	12.7%	34.5%	46.2%
Helping adults get into higher education	1.0%	2.5%	19.6%	60.3%	16.6%
Encouraging more school leavers to go to university	6.0%	17.4%	29.4%	33.3%	13.9%

The faith in specialisation and the development of elites (the two upper entries in table 4.5), contrast sharply with the more lukewarm response given to measures which fall into the category of widening participation. Although three-fifths (60.3%) of respondents consider encouraging adults into higher education to be 'important' for the development of world class skills in the UK, only 16.6% rate it as 'highly important' and nearly a fifth (19.6%) see it as 'neutral'. There is an even more subdued reaction to the frequently-touted goal of widening participation in HE among young people. Only 13.9% consider encouraging more school-leavers to go to university as 'highly important' for skills-building in the UK, and a third see it as 'important', while almost as many again (29.4%) view it as 'neutral', and almost a quarter (23.4%) in total tend to regard it as unimportant. In the light of the intense competition for graduate jobs with which our respondents are faced in their everyday working lives, it is possibly unsurprising that they express some scepticism about this part in particular of the widening participation agenda.

It is also their direct day-to-day experience in every recruitment season that makes the improvement of soft skills an issue close to the hearts of our members. Table 4.6 details their views on a scale from 'not effective', to 'very effective' - of various ways of developing soft skills. A resounding vote of confidence goes to internships or industrial placements, with 80.5% of AGR employers describing these as 'very effective' soft-skill optimisation techniques. No participants at all gave them a rating of 'ineffective'. What we describe as 'very people-focussed work experience' – in a secondary school, for example, or charity work – is less emphatically endorsed, but still viewed as 'effective' by a majority (51.8%) of respondents, and as 'very effective' by 31.7%.

Table 4.6 - Ways to improve soft skills

	not effective		neutral		very effective
Completing an internship or industrial placement	0.0%	0.0%	1.5%	18.0%	80.5%
Taking on a leadership position in a student society	0.0%	1.0%	9.5%	50.8%	38.7%
Gaining very people-focussed work experience	0.0%	2.0%	14.6%	51.8%	31.7%
Carrying out team-based exercises at university	1.0%	2.5%	15.6%	66.3%	14.6%
Gaining international experience (study or working abroad)	1.0%	4.0%	20.1%	50.3%	24.6%
Taking part in team-based sports at university	0.5%	4.5%	20.1%	60.3%	14.6%
Extensive international travel	6.0%	14.1%	45.7%	31.2%	3.0%

The good old extra-curricular activity, if our responses are anything to go by, certainly still has its place in developing world-class graduates, although some types of activity are more highly regarded than others: leadership positions in student societies receive a vote of 'effective' from 50.8% and 'very effective' from 38.7%,

but university team sports, while regarded as 'effective' by 60.3%, have a higher percentage of AGR members viewing them as 'neutral' (20.1%) than as 'very effective' (14.6%).

International experience also receives mixed reviews. Studying or working abroad is seen as 'effective' or 'very effective' by almost exactly three-quarters of members in total, but as 'neutral' by a fifth (20.1%), while extensive international travel, without any specification of gaining particular experience, is rated by a sizeable 45.7% as neutral in effectiveness at developing soft skills.

About trendence

trendence is Europe's leading research institute specialising in the areas of employer branding, personnel marketing and recruiting.

trendence surveys over 200,000 students, graduates and young professionals on a yearly basis to extract up-to-the-minute information about their expectations and preferences in terms of their employer of choice and career decisions. The results of these studies support the recruitment and human resources departments of major companies in making important decisions about their recruiting and personnel marketing strategies, and enable them to understand their target groups' perspective and to gather vital information about potential recruits.

The surveys are conducted on a national, pan-European and international level. Examples of trendence research studies are Das Absolventenbarometer (Germany), The UK Graduate Recruitment Review, The Next Generation Review (UK), The European Student Barometer and the Baromètre Etudiants (France).