

The AGR Graduate Recruitment Survey 2009

Winter 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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AGR Survey - Foreword

In 10 years of overseeing AGR surveys, I have never before felt it necessary to write a foreword but these are unprecedented times.

It seems that with the dawn of each day further shocks and surprises arise as a result of the turbulent economic climate. The only certainty is uncertainty - economists are tearing up their textbooks; governments are forced to act in ways they have never considered previously; businesses struggle to make sense of what is going on around them and the media observes and reports on the impact of the credit crunch, day by day, hour by hour.

AGR can fairly claim that the twice yearly graduate recruitment survey has been a consistent barometer for forecasting what is happening with graduate vacancies and salaries. This survey, however, has been the most eagerly awaited by employers, the HE sector (including students graduating this year) and the media. It has also been one of the most challenging reports to prepare what with the volatility of the global economy and its ongoing impact on business, employment and recruitment levels.

Despite the survey completion season being as recently as November and December 2008 we were concerned about how quickly the data might change and so in mid January we revisited some elements of the survey and also conducted 13 in depth interviews with respondents to get a better feel for what was happening in the market. We also returned to the previous recruitment year (2007-8) to review the (as it turned out) rather optimistic forecasts for graduate jobs with what actually took place and it emerged that the graduate market's slow down began back in the summer of 2008.

I hope that this report makes more than interesting reading. It should help businesses and universities better understand what has been happening in the graduate jobs market and why. It should also help businesses and graduate job seekers determine how to best respond to the deteriorating climate and 'ride the recession'.

Our next survey is due to be published in July 2009. By then we should have an even clearer picture of how the graduate market is responding to the downturn. I suspect that there are a few twists and turns still to come but we must all hope that the resounding desire of those recruiters we later interviewed and reported on in Chapter 4 to continue to recruit and develop graduate talent for the future is maintained throughout these troubled times.

Thank you to all 245 participating businesses. Without your support this report would not have been possible.

Carl Gilleard

Chief Executive
AGR



Executive Summary

Graduate Recruits, Vacancies and Salaries

The actual rise in recruitment levels for the 2007/2008 recruitment season of 0.6% was much more modest than the predicted rise of 11.7% as suggested in the Summer Review published in July 2008. For the first time since 2003, graduate vacancies are predicted to fall in 2009; the expected decrease is 5.4%.

The median number of vacancies per AGR organisation in 2008 was 35, three fewer than the 2008 Summer Review prediction of 38.

The accountancy/professional services and banking or financial services sectors are particularly well represented in the AGR's membership. These sectors, along with investment banking, are predicted to suffer considerable reductions in vacancy levels in 2009.

Of those organisations who expect to recruit fewer graduates in 2009 than in 2008, almost two-thirds blame the downturn either directly (34.7%) or indirectly (29.7%) on the current economic climate. Just over half of those expecting a rise in recruitment attribute this to an increased focus on graduate recruitment within their organisation.

A comfortable majority of Survey participants experienced no problems with shortfall in the 2008 recruitment season. The 2009 round holds expectations of recruiting challenges for 37.3%. The dominant anticipated difficulties continue to be a lack of applicants with the right skills and graduates' perceptions of the industry.

For the first time in the history of the AGR Survey, we report that average graduate starting salaries are not expected to rise in the current recruitment season. The median starting salary a graduate recruited to an AGR employer receives remains stagnant at £25,000. Almost half (48.8%) of graduate starting salaries paid by AGR members in 2009 are set to be in the £22,001 to £26,000 bracket.

In 2008, median salaries were highest in law firms and investment banks. Turning to 2009, a striking five sectors, including consulting and investment banking, predict no change in graduate starting salaries, while a further three – among them banking/financial services and accountancy – anticipate salary reduction. The biggest fall in salaries (8.9%) is predicted to be seen in banking; retail, by contrast, is predicted to see the largest salary increase, by 10.0%.

Overall, nearly half (48.3%) of organisations expect to maintain their current salary levels in 2009, and only one-fifth will be increasing salaries by more than 4%.

The median lump-sum payment to new graduate recruits – among the 32.9% of AGR employers who will be using this incentive in 2009 – remains unchanged from last year's, at £2,000. Half of AGR employers who pay education premiums reward postgraduate degrees, and slightly fewer pay premiums for PhDs. Pension schemes and training for professional qualifications are set to maintain their status as the non-monetary benefits most frequently to be found in graduate benefits packages.

Graduate Recruitment Marketing

Median spend on graduate recruitment marketing activities at AGR members was £75,000 in 2008, significantly more than the predicted £67,000 recorded in the 2008 Winter Review. In keeping with the times, the anticipated rise for 2009 – to £80,000 – is more modest.

Over ninety-five percent of AGR members use advertising in their graduate recruitment marketing, making this promotion method more frequently used than brochures and/or company websites, and on-campus activities. Online promotions are increasing in significance.

AGR employers appear to be diverting their budgets from paper-based advertisements, online promotions and recruitment websites to face-to-face contact methods such as careers fairs and on-campus promotions.

Hot Topics in Graduate Recruitment

The proportion of AGR employers offering a school-leaver entry programme stands at 29.7%, another small rise on last year's total.

A good fifth (22.8%) of participants recruit actively for UK vacancies overseas. Of these organisations, 83.3% do so 'to recruit the very best talent that is available'. Other significant reasons include the need for an international workforce and a lack of UK candidates with the right qualifications or skills.



When asked what advice they would give to graduates looking for jobs in times of fewer vacancies:

- almost two-thirds of respondents recommend that graduates research potential employers rigorously prior to interviews
- a third stress the importance of researching the sector
- early application and willingness to relocate are other courses of action frequently recommended.

To graduates considering postponing their job search in order to improve their employability, AGR members emphasise the importance of:

- advising such graduates to accept temporary paid employment (68.7%)
- suggesting a foray into other fields to gain job experience at graduate level (54.4%)
- getting into work somehow!



Introduction

Introduction

Welcome to The AGR Graduate Recruitment Survey 2009 - Winter 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 conditions and trends in the graduate market as well as regular benchmarking of key market indicators such as salary and vacancy levels.

As the definitive, leading survey of graduate recruitment practices, spanning the longest continuous series of recruitment seasons, the Survey represents the primary source of information on graduate recruitment levels, methods and practices amongst AGR members - an invaluable tool for assessing and optimising graduate recruitment activities.

The AGR Graduate Recruitment Survey is conducted twice a year. Along with an assessment of the latest graduate remuneration and vacancy levels, the Winter Review is concerned with the ways employers have been marketing their graduate opportunities during the 2008 recruitment season (referred to as "2008" throughout) and their recruitment marketing plans in the 2009 recruitment season (referred to as "2009" throughout). The focus throughout the report is on the 2008 actual figures and predictions for 2009.

The Summer Review, to be published in June 2009, will further investigate recruitment practices and graduate recruitment management by focusing on selection and assessment procedures, retention rates and revised salary and vacancy figures.

There is certain to be sensitivity in political circles with lower vacancy levels and stagnating salary levels, given that this year's graduates are the first to have contributed to top-up tuition fees for the full three years of their degree courses.

Methodology

AGR employers were invited to participate in the survey by email; the email message contained a web-link and personalised password for the individual participant to access the online survey. The data presented in the AGR Graduate Recruitment Survey was obtained during a 4-week field period in November and December 2008. Furthermore, AGR kept abreast of member recruitment policy changes up to the middle of January. Despite this, the results must be digested while bearing in mind the context of the current tumultuous economic climate.

The survey contained a range of detailed questions relating to graduate recruitment practices during the 2008 and 2009 recruitment seasons.

The questionnaire enables employers to analyse data by business sector; the vacancy and salary aspects are also analysed according to region and career area.

Participation

trendence Institute invited 412 AGR employers to participate in The AGR Graduate Recruitment Survey 2009 - Winter Review. 245 employers completed the questionnaire, giving a completion rate of 60%. This makes it the largest sample group in the history of the AGR's biannual study. Collectively, the responding organisations recruited a total of 21,144 graduates in 2008.



The following AGR members took part in the survey

3 M

A

Abbey
Accenture
Addleshaw Goddard
ADT Fire & Security
Airbus
Aker Solutions
AkzoNobel
Aldar Properties PJSC
Allen & Overy
AMEC Natural Resources
American Express
Amey
Anglo Irish Bank
Arcadia
Argos
Arriva plc
Arup
Ashurst LLP
Atkins
Atos Origin
Audit Commission
AXA Investment Managers
AXA UK

B

Baillie Gifford
Baker & McKenzie LLP
Baker Tilly
BAM Construct UK Ltd
Bank of America
Bank of England
Barclaycard
Barclays Bank Plc
Barclays Capital
Barclays Wealth
Barratt Developments Plc
BDO Stoy Hayward
Bechtel Limited
BG Group
Bircham Dyson Bell
BNP Paribas
Bond Pearce LLP
Boots
Bovis Lend Lease
BP
Brit Insurance
British Airways
Brodies LLP

C

Cadbury UK
Cancer Research UK
CapGemini

Capital One
Caterpillar (Perkins Engines)
Centrica
CHP Consulting
Cisco Systems Ltd
Citi
Civil Service Fast Stream
Clyde & Co LLP
CMS Cameron McKenna
Commerzbank AG
Corus
Costain
Credit Suisse
CTC Marine Projects Ltd
Cummins

D

Danone
Data Connection
Davies Arnold Cooper
Davis Langdon
Dechert LLP
Deloitte
Department for Work and Pensions
Detica
DHL Exel Supply Chain
Dixon Wilson
DLA Piper UK LLP
Dresdner Kleinwort
DSG International plc

E

EC Harris
ECA International
Ecclesiastical Insurance
Edmund Nuttall
Enterprise Rent-A-Car
Ernst & Young
Explore Learning

F

Faber Maunsell
FactSet
Fidelity International
Field Fisher Waterhouse LLP
Filtrona plc
Fortis Investments
Freshfields Bruckhaus Deringer
FSA
Fujitsu Services



G

Gardiner & Theobald LLP
GCHQ
GE Aviation Systems
General Dynamics
Gifford
GlaxoSmithKline
Google
Graduate Recruitment Bureau
Grant Thornton

H

Halcrow Group Ltd
Halliwells LLP
Hammonds LLP
HAT Group of Accountants
HBOS
Heinz
Henderson Global Investors
Henderson Loggie
Hewitt Associates
Hill Dickinson LLP
Hilton Hotels
HM Prison Service
Horwath Clark Whitehill
HSBC

I

IBM UK Ltd
ICAP
Iceland Foods Ltd
Infosys Technologies Ltd
ING Wholesale Banking
Innocent Drinks
Institute of Chartered Accountants of Scotland
Irwin Mitchell

J

J.P. Morgan
Jacobs Baktie Group
Jaguar Land Rover
John Lewis
Johnson Matthey
Jones Day

K

Kerry Foods Ltd
Kirkland & Ellis International LLP
KPMG

L

Lazard
Linklaters LLP
Lloyd's
Lloyd's Register
Lloyds TSB
Lockheed Martin

Logica
L'Oreal
Lovells

M

M&G Limited
Mace Group
Macfarlanes LLP
Maersk Line
Majestic Wine
Marks & Spencer plc
Mars
May Gurney
Mayer Brown International LLP
MBDA UK
McDonald's
McKinsey & Company
Mercer
Merrill Lynch
Metronet Rail
Microsoft
Mills & Reeve LLP
Mitchells & Butlers
Morgan Stanley
Motability Operations plc
Mott MacDonald
Mouchel
MW Kellogg Limited

N

Nabarro
Nakheel PJSC
National Audit Office
National Express
National Grid
National Nuclear Laboratory
Nationwide Building Society
Nestlé
Network Rail
Next PLC
NG Bailey
NGDP - Local Government
NHS Institute for Innovation and Improvement
NHS Scotland
Northern Foods
Norton Rose LLP
Norwich Union part of the Aviva Group
nucleargraduates

O

Oracle
Orange
Osborne Clarke

P

PA Consulting Group
 Pilkington Group Limited
 PricewaterhouseCoopers
 PSA Peugeot Citroen

Q

QinetiQ

R

Raleigh
 RBC Capital Markets
 Reckitt Benckiser (UK) Ltd
 Reed Smith
 Rolls-Royce plc
 Royal Bank of Scotland Group
 Royal Mail Group
 RWE npower

S

Saffery Champness
 Sainsbury's
 Samworth Brothers
 Scott Wilson
 Scottish & Newcastle UK
 Scottish Water
 ScottishPower
 SELEX Galileo
 Sellafield Ltd
 Siemens
 Siemens Industrial Turbomachinery
 SIG Plc
 Simmons & Simmons
 SJ Berwin LLP
 Skanska UK
 Sky
 Slaughter and May
 Smiths News
 Standard Bank
 Standard Life plc
 Swiss Re

T

Tate & Lyle
 Taylor Wessing LLP
 Teach First
 Tenon
 Tesco Stores Limited
 The Chartered Insurance Institute
 The Co-operative Group
 The National Leadership & Innovation Agency for
 Healthcare
 TNS
 Towers Perrin
 Transport for London
 Tube Lines
 Turner & Townsend plc

U

UBS
 Unilever
 United Utilities

V

Virgin Atlantic Airways Ltd

W

Waitrose
 Watson Wyatt
 Watson, Farley & Williams LLP
 Westinghouse Rail Systems Limited
 Whitbread plc
 Wolseley

Z

Zurich Financial Services



1

Chapter Graduate Vacancies & Salaries



Graduate Vacancies and Salaries

Introduction

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

Provision in the questionnaire for breakdowns of recruitment in respondents' organisations allows the data to be analysed according to business sector, region and career area. This 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 and salary levels between 2008 and 2009 are based on the responses of employers who have provided vacancy data for both 2008 and 2009.

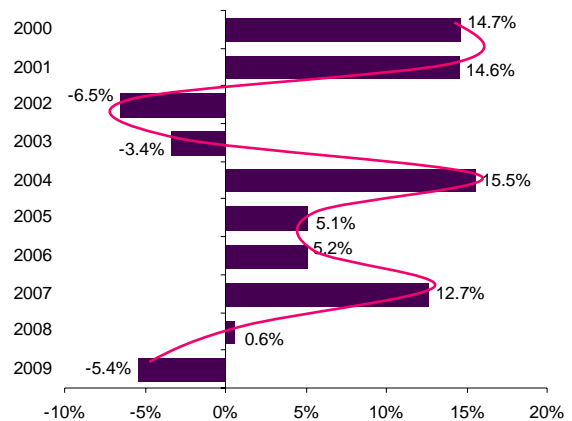
As particularly high or low salaries can distort the average levels, the survey uses the median value to compare salary levels. Throughout this section, the median value has been calculated by taking the mid-point value salary for all the vacancies (ie. all vacancies offered by AGR members participating in the survey – 21,144 in total), rather than the mid-point of the 245 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

The current state of the previously buoyant graduate recruitment market would indicate that the economic crisis is biting. For the first time since 2003 we can observe, as Chart 1.1 shows, a projected fall in graduate vacancy numbers.

1.1 Graduate vacancy changes at AGR employers 2000-2009

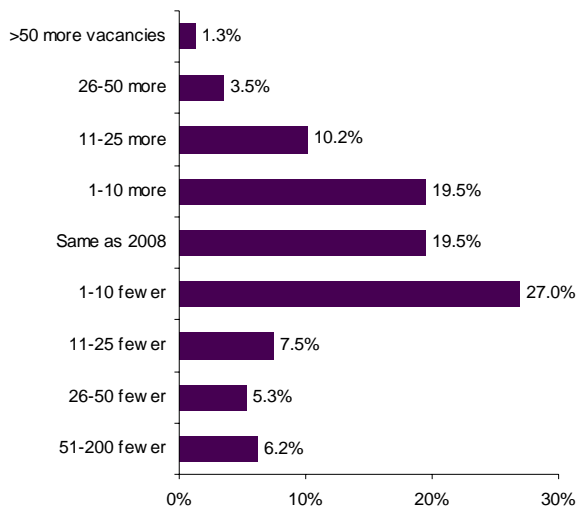


Percentage increase or decrease in vacancies on the previous year

For the 2009 season, AGR members predict a decrease of 5.4% on 2008's graduate vacancy levels, demonstrating that the 0.6% increase in recruits from 2007 to 2008 was only a stepping stone to the now highly evident decline. To illustrate how swiftly times have changed, the Summer 2008 Survey predicted a healthy 11.7% increase in vacancies – compare this to the actual increase of just 0.6% in recruitment. The degree of the fall in vacancy levels predicted for 2009 is steeper than that of 2003, and presents a similar, albeit slightly less radical, picture to that observed in 2001/2002, when a vacancy rise of 14.6% (2001) preceded a sharp decrease by 6.5% (2002). This means that at present, our results show a less extreme reaction in recruitment levels than that witnessed in 2002, even though to many the economic downturn is far more serious. To reinforce this statement, it should be noted that only 10 member organisations will cease recruiting altogether in 2009 and these are in any case not the big number recruiters: only 2 of these took on more than 15 graduates in 2008.

While the last Summer Review saw almost three in ten respondents increasing their 2008 vacancy levels by 1 to 10 job positions over the previous year, a comparable percentage (27.0%) of participants in this Winter Review are offering 1-10 fewer vacancies in 2009 than in 2008. Overall, a startling 46% of responding organisations anticipate recruiting fewer graduates in this recruitment season. (Compare Chart 1.2). Only 34.5% are increasing recruitment, while just under one-fifth expect levels to remain static.

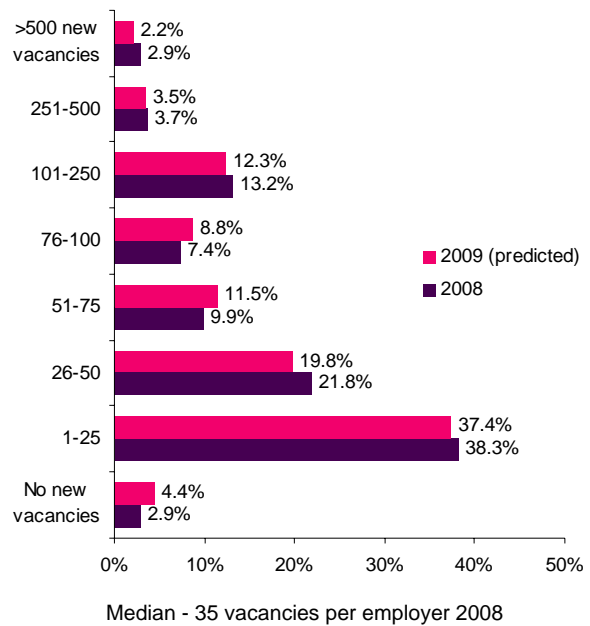
1.2 Changes in vacancy levels 2008 to 2009



Further evidence that a recruitment slowdown was already underway in the 2008 season can be derived from the median number of graduate vacancies per AGR organisation in 2008. This was predicted in the Summer Review to stand at 38, but was actually 35. In 2008, 1 in 5 respondents hired more than 100 graduates, contrasting with a quarter in the 2008 Summer Review. Furthermore, the proportion of AGR members expecting to recruit more than 100 graduates in 2009 is slightly lower, at 18%, than was the equivalent actual figure for 2008 (19.8%, as mentioned above). A further conspicuous figure in this context is the 4.4% of employers – i.e. nearly 1 in 20 – not expecting to take on new graduates in 2009, contrasting with 2.9% in 2008.

The current economic downturn is often compared to the recession of 1991/1992. It is interesting to note that according to AGR surveys conducted at the time, vacancies fell by 4% in 1990, 32% in 1991 and a further 14% in 1992. 1993 also showed a fall of 3.5%. Thus the market still has some way to fall if we are indeed to witness a similar meltdown this time around.

1.3 Graduate vacancies at AGR employers in 2008



Vacancies in 2008 by Business Sector

Accountancy and professional services and banking/financial services continue to dominate the graduate vacancy market at AGR members. Very nearly a quarter (24.8%) of 2008's total vacancies were in accountancy or professional services, and a further 13.3% in banking or financial services. One notable change from the Summer Review figures is that engineering has overtaken investment banking for third place in the table (Table 1.4); the latter reported 9.7% of total graduate vacancies in the Summer Review, but just 7.1% in the current edition.

Table 1.4 - Vacancies at AGR employers by sector in 2008

	% of total vacancies
Accountancy or professional services	24.8%
Banking or financial services	13.3%
Engineering or industrial	10.1%
Investment bank or fund managers	7.1%
Construction company or consultancy	6.3%
Law firm	6.2%
Public sector	5.9%
Consulting or business services	5.2%
Transport or logistics	5.2%
Retail	5.1%
IT	2.1%
Oil	1.2%
FMCG	1.1%
Energy, water or utility company	1.1%
Chemical or pharmaceuticals	0.4%
Insurance	0.2%
Telecommunications	0.1%
Other sector	4.5%

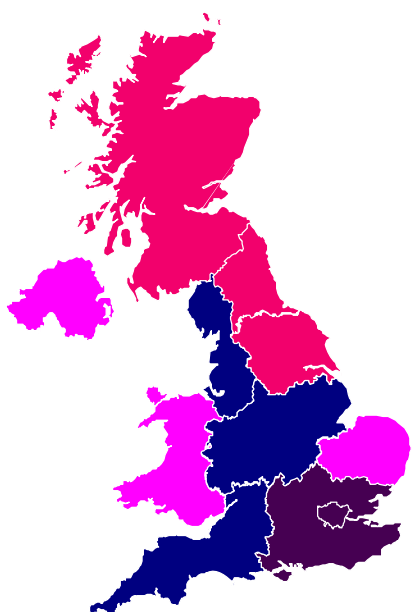
Please note: Organisation types with insufficient data have been omitted.



Vacancies by Region

Table 1.5 holds no surprises, reiterating the status of London and the South East as the UK's graduate recruitment epicentres. A majority of all graduate vacancies at AGR members are again to be found in these regions, with London supplying 45.4% of all reported vacancies in 2008. The Midlands continues close behind the South East. The South West sustains and adds to its increase in percentage of vacancies recorded over the last two AGR Survey editions. European vacancies remain fairly steady, making up 4.2% of the total in 2008.

	% of total vacancies
London	45.4%
South East	10.5%
The Midlands	9.2%
North West	6.4%
South West	6.4%
Scotland	5.2%
Yorkshire	3.8%
North East	2.6%
East Anglia	2.0%
Wales	1.5%
Northern Ireland	0.9%
Europe	4.2%
Rest of the world	1.3%
Asia	0.4%
Ireland	0.2%



Vacancies by Career Area

As in previous editions, accountancy supplies around a fifth (in this year's Winter Review: 19.4%) of AGR employers' graduate vacancies broken down by career area. Investment banking continues to lose ground, its share of total vacancies falling from 13.4% in the 2008 Winter Review and 12.1% in the Summer Review to 11.9% now. (Refer to Table 1.6)

	% of total vacancies
Accountancy	19.4%
Investment banking	11.9%
General management	9.4%
Legal work	7.2%
IT	6.7%
Consulting	6.0%
Civil engineering	5.6%
Retail management	4.2%
Electrical/electronic engineering	2.7%
Financial management	2.6%
Mechanical engineering	2.6%
Sales	1.9%
Human resources	1.7%
Actuarial work	1.5%
Marketing	1.4%
Science	1.1%
Logistics	1.0%
Manufacturing engineering	0.9%
Research and development	0.8%
Purchasing	0.6%
Other business function	10.9%

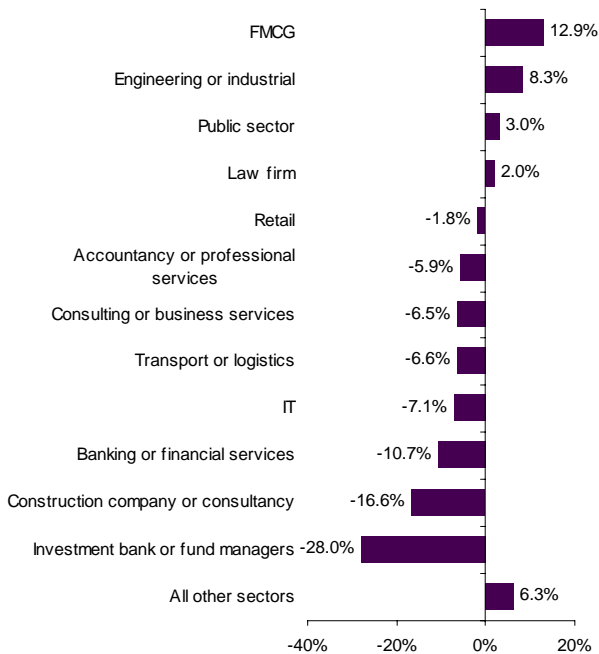
Changes in Vacancies by Business Sector

Charts 1.7 and 1.8 encapsulate the downturn in the graduate recruitment world. In striking contrast to previous Survey editions, the majority of the bars in Chart 1.7 extend to the left of the vertical axis, indicating reductions in vacancies. Note that the sectors reporting some of the most dramatic predicted vacancy reductions for 2009 are traditionally the biggest graduate recruiters: investment banks or fund managers (with an expected fall in numbers by 417 vacancies, or 28.0%), banking or financial services (-294 or 10.7%), and accountancy or professional services (-243 or 5.9%).

Accountancy continues the declining trend as first indicated in the Summer Review: bad news for the graduates facing ever stiffer competition in this field, as the number of applicants to accounting firms has reportedly 'almost doubled' (source: *telegraph.co.uk*, 22 November 2008).



1.7 Expected percentage change in vacancies 2008 to 2009, by sector

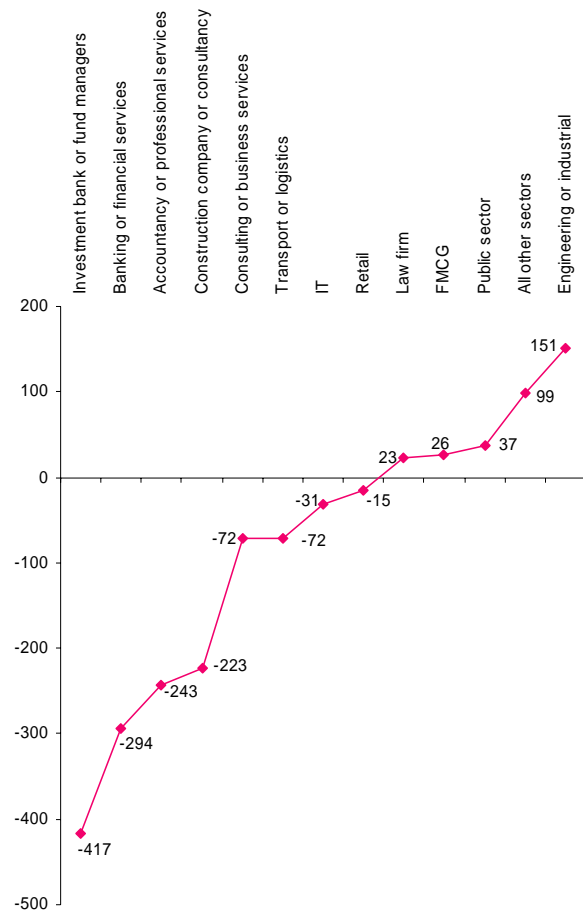


This percentage change can not be used as an indicator of change across each sector nationally. 'All other sectors' bundles together companies in the oil, energy, telecommunications, chemical / pharmaceutical, motor and insurance sectors and also for employers where it is not possible to categorise into a standard sector

Banking and investment banking, meanwhile, are seeing an about turn as the 2007-08 recruitment increases, reported in the Summer Review, are reversed – markedly in the case of investment banking, which according to recent research is also becoming less attractive to future graduates concerned about the credit crunch (source: *onrec.com*, 11 December 2008). Consulting or business services, too, which in the Summer Review recorded an increase of more than a third in 2008 recruitment totals, is looking at a reduction in 2009. The construction industry is also hard hit by the recession: predictions indicate it will recruit 16.6% fewer graduates in 2009.

The engineering and industrial sector, by contrast, is bucking the trend, expecting an increase of 8.3%, or 151 in absolute numbers; ironically, a startling 75% of organisations in this sector predict recruitment shortfalls in 2009, echoing the recent warning by the Royal Academy of Engineering's chief executive that demand for engineering graduates is often outstripping supply (source: *independent.co.uk*, 27 November 2008). Further positive figures emerge from the public sector where vacancies are predicted to increase by 3.0%, and FMCG will be employing 12.9% more graduates in 2009.

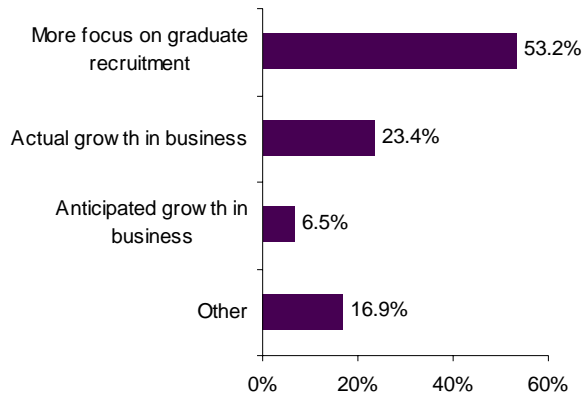
1.8 Expected change in vacancies in absolute numbers 2008 to 2009



Some employers taking part in the study operate in sectors for which there were too few organisations to provide robust sector level figures. Examples of little-represented sectors are oil, telecoms and utility companies. These employers, together with those not clearly belonging to a sector listed in our questionnaire and grouped together in the 'All other sectors' category, are expected to register growth in vacancies, by 6.3% overall.

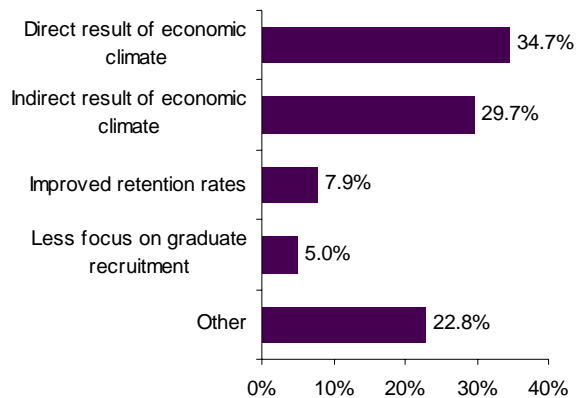
What lies behind the headline statistics? We shed some light on the mechanisms behind the anticipated recruitment totals by asking our respondents the reasons for their predictions of more or fewer graduate vacancies in 2009. These reasons are illustrated in Charts 1.9 and 1.10. Of those who expect to recruit more graduates, over half (53.2%) say this is due to an increased focus on graduate recruitment within their organisation, while almost a third attribute it to an actual (23.4%) or anticipated (6.5%) growth in their business. The economic crisis, it seems, is concentrating minds on winning the best talent.

1.9 Reasons for expected increase in vacancies 2008 to 2009



This good news for graduates is more than tempered, however, by the reasons reported by those AGR employers anticipating lower graduate recruitment levels in 2009. The verdict is emphatic: almost two-thirds of these respondents explain their recruitment reduction as being a direct (34.7%) or indirect (29.7%) result of the current economic climate. A removal of focus from graduate recruitment is reported by only 5.0%, and improved retention rates a factor for just 7.9%.

1.10 - Reasons for expected decrease in vacancies 2008 to 2009

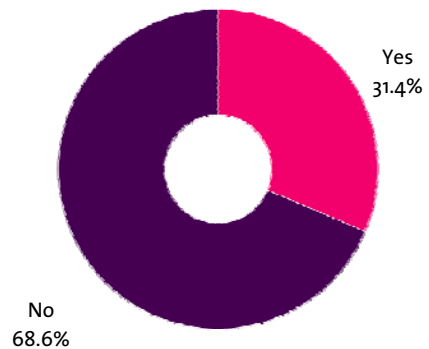


AGR employers in investment banking or fund management reported that their reduction in recruitment for 2009 is a direct result of the economic climate. It is worth mentioning that, according to the Survey's figures, law firms' recruitment policies do not seem to be overly impacted upon by the current economic climate: of those who are reducing recruitment for 2009, reasons such as balancing out recruitment totals and even early fulfilment of recruitment targets for the next two years are given. Anticipated increases in recruitment in the trend-bucking engineering sector are ascribed in equal parts to actual growth in business and a stronger spotlight on graduate recruitment.

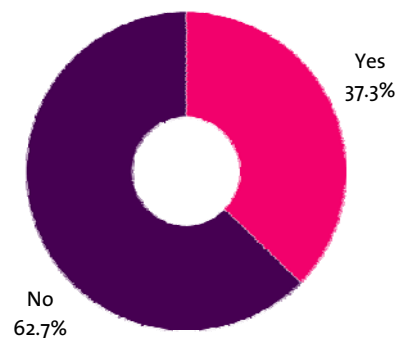
Recruitment Shortfalls in 2008 and Challenges for 2009

In line with the prediction in the last Summer Review, the majority (68.6%) of AGR employers did not experience a shortfall in recruitment in 2008 (see Chart 1.11). As Chart 1.12 shows, anticipation of recruiting challenges in 2009 among respondents stands at 37.3%. This is a slightly less optimistic outlook when compared with the actual shortfall situation for 2008 in Chart 1.11, but certainly indicates that the war for talent does not disappear in troubled economic times (in this context see Chart 1.14 below). The highest proportions of companies expecting shortfall for 2009 at the sector level are seen in engineering (75%), FMCG (58.3%) and consulting (53.8%) organisations.

1.11 Proportion of AGR employers with a recruitment shortfall in 2008



1.12 Proportion of AGR employers expecting a shortfall in 2009



In Chart 1.13, we can see the degree of recruitment shortfall affecting those companies who experienced it in 2008. At the close of the 2008 season, 44.1% were short of fewer than 5 graduate recruits, while 29.4% had failed to fill between 5 and 10 vacancies, and 11 or more graduates were missing from 26.5% of organisations. Median shortfall stands at 5 vacancies and mean at 11.6; this latter figure is pulled upwards by large shortfalls of 40 people or more in individual organisations in the public sector, accountancy and engineering.

1.13 Extent of shortfall of recruits in 2008

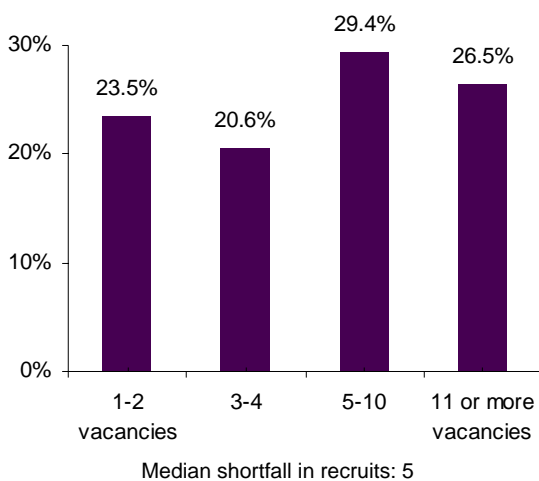
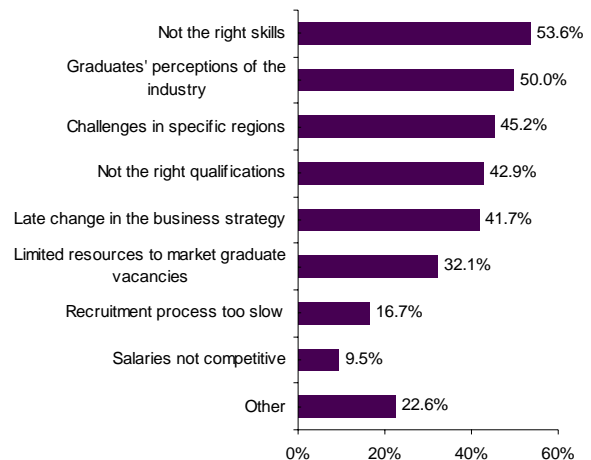


Chart 1.14 examines the types of recruiting challenges those employers facing shortfall will encounter. There are two major areas of challenge, which we define as applicant quality-related and employer communication-related. The former relates to a lack of applicants with the right skills or the right qualifications, and continues, it seems, to pose a considerable problem to AGR employers, with 53.6% anticipating difficulties finding applicants with the right skills, and 42.9% expecting a dearth of graduates with the right qualifications. The area of employer communication-related recruiting challenges includes graduates' perceptions of the industry – a concern for half of respondents –, limited resources to market graduate vacancies, and issues around the speed of the recruitment process.

The significance of challenges in specific geographical regions – mentioned by 45.2% – is lower when compared to the 2008 Winter Review, where this was cited by a majority of participants expecting challenges. Uncompetitive starting salaries are also reduced in importance as a recruitment issue compared to one year ago: the slowing of salaries discussed in the last Summer Review seems to have reached potential graduates and caused some adjustment of their expectations.

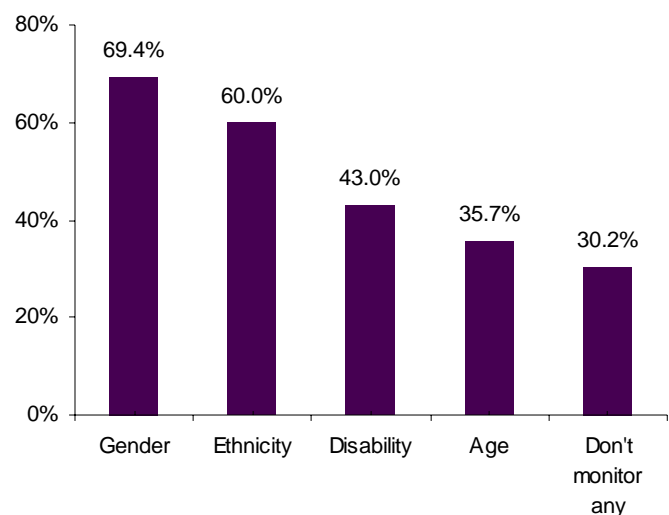
1.14 Expected recruiting challenges by type in 2009



Diversity of Graduate Recruits in 2008

Employers, it seems, are aware of the significance of diversity in graduate recruitment. A majority of Survey participants monitor the gender and ethnicity of their recruits. As Chart 1.15 further illustrates, disability and age are diversity factors which are receiving increasing awareness. However, a surprising 30.2% of respondents do not carry out diversity monitoring or are unable to provide figures for these factors.

1.15 Monitored groups



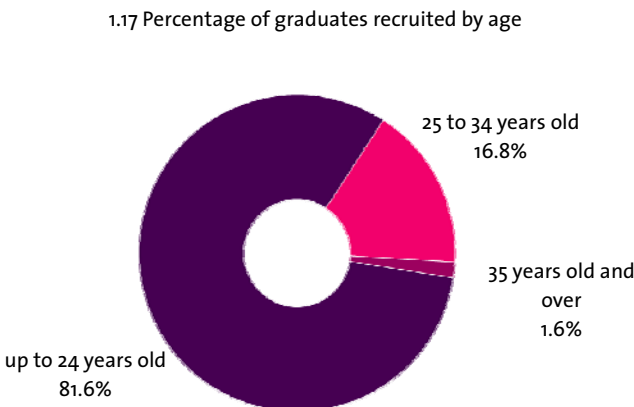
Gender

Table 1.16 shows the average gender split across AGR members in each sector. Female recruits are in the majority at employers in FMCG, the public sector, retail and law. The proportion of women in the graduate intake falls under 30% at investment banks/fund managers, energy, water or utility companies, and in IT.

Table 1.16 - Gender split across sectors		
	Female	Male
FMCG company	58.0%	42.0%
Public sector	56.4%	43.6%
Retail	55.4%	44.6%
Law firm	55.0%	45.0%
Accountancy / professional services	45.2%	54.8%
Insurance company	43.5%	56.5%
Banking or financial services	39.6%	60.4%
Transport or logistics	37.8%	62.2%
Consulting or business services	36.8%	63.2%
Engineering or industrial	31.7%	68.3%
Construction company / consultancy	30.5%	69.5%
Investment bank or fund managers	27.8%	72.2%
Energy, water or utilities	25.8%	74.2%
IT	22.5%	77.5%

Age

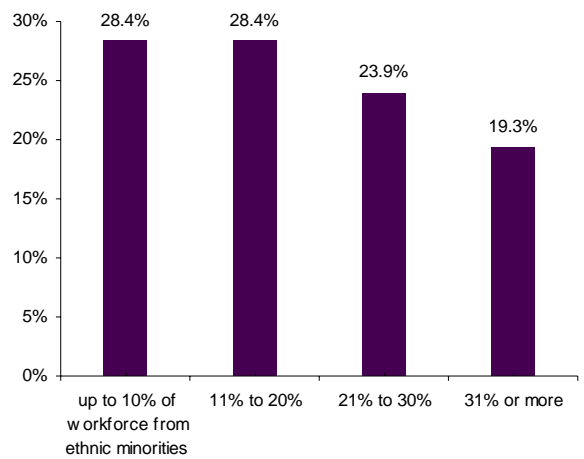
Chart 1.17 shows that over four-fifths of graduate recruits to AGR employers are 24 and younger. The Age Discrimination Act seems to have had little impact on recruitment practice, although this by no means indicates that AGR organisations are practising discrimination: the average age of UK graduates upon conclusion of their studies is the overwhelmingly leading factor here.



Graduate Recruits from Ethnic Minorities

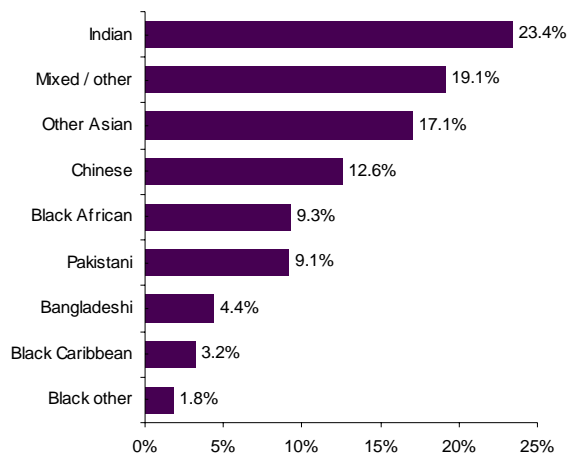
A total of 43.2% of responding organisations drew 21% or more of their 2008 graduate recruits from ethnic minorities (see Chart 1.18). While last year saw an average of 26.7% of graduates newly employed by AGR members coming from minority ethnic backgrounds, this figure was down.

1.18 Percentage of graduate recruits from ethnic minorities



The breakdown of ethnic-minority graduates recruited in 2008 (illustrated by Chart 1.19) shows that almost a quarter – 23.4% - were Indian, 12.6% Chinese and 9.3% Black African.

1.19 Breakdown of ethnic minority graduates recruited



Graduate Salaries

This section opens with a minor sensation. For the first time in the history of the AGR Graduate Recruitment Survey, we report that on present expectations there will be no growth in average graduate starting salaries at AGR members in the current recruitment season. As Chart 1.20 demonstrates, not even in the lean recruiting years 2002 and 2003 did this situation occur in the past. The median starting salary earned by a graduate working for an AGR organisation remains steady – or stagnant – at £25,000. While the 2009 figures are projections, it nevertheless seems that the slowdown in starting salaries highlighted as long ago as the 2007 Summer Review will soon be reaching new proportions in the wake of the economic crisis.

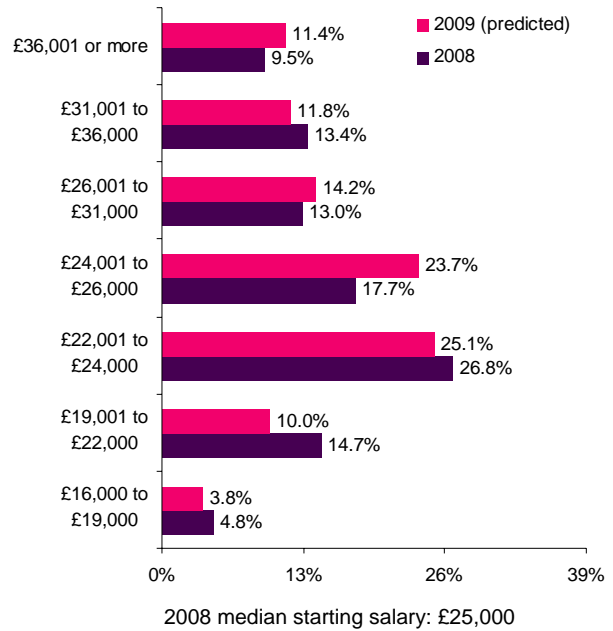
Very nearly half (48.8%) of employers will offer starting salaries in the £22,001 to £26,000 bracket, with a fairly even distribution between £22,001-£24,000 (25.1%) and £24,001-£26,000 (23.7%). As Chart 1.21 further illustrates, the distribution in 2008 in these two categories was more heavily in favour of the lower group (26.8% in £22,001-£24,000 versus just 17.7% in £24,001 to £26,000); the median, however, as commented on above, remains the same.

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



Percentage increase or decrease in vacancies on the previous year

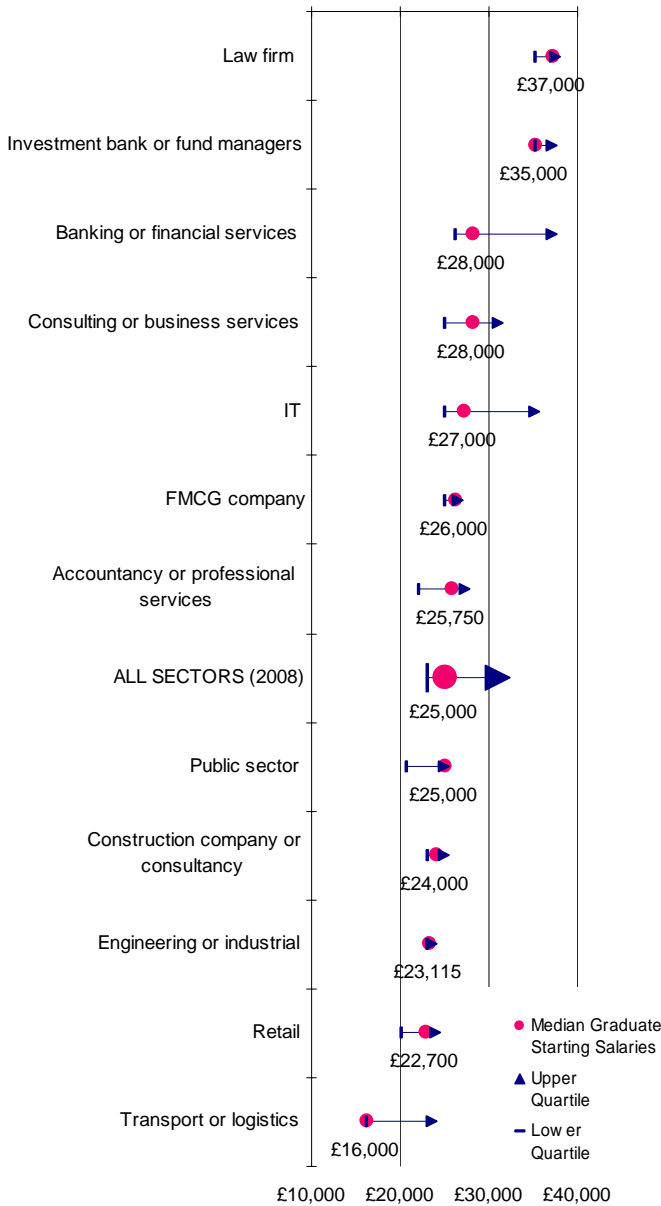
1.21 Graduate starting salaries at AGR employers in 2008 and 2009 (predicted)



Graduate Salaries by Business Sector

In 2008, law firms maintained the top salary spot (Chart 1.22), claimed in the 2008 Summer Review from investment banks/fund managers, with regard to median salaries by business sector. They have also widened their lead a little, with median salaries in this sector edging to £37,000, while those at investment banks have remained static at the Summer Review's figure of £35,000. Joint third place, at £28,000, is occupied by consulting and business services and banking and financial services. The median IT salary expected to be £25,000 in the Summer Review has an adjusted level of £27,000. In this context we draw attention to the particularly large inter-quartile ranges – illustrated clearly by Chart 1.22 - that characterise graduate salaries in banking/financial services and in IT. The broad range between the IT lower quartile and upper quartile salaries of £25,000 and £35,000 respectively shows the wide disparities in starting salaries awarded by companies in this field. In contrast, the high clustering in the FMCG and Engineering or industrial sectors indicates standard pay packages at companies operating in these areas.

1.22 Median starting salaries by sector in 2008



Expected Salary Changes in 2009

A graphic illustration of the way the salary slowdown will be biting in the 2009 recruitment season is provided by Table 1.23. An emphatic five sectors, including consulting/business services and investment banking/fund management, predict no change in their graduate starting salaries from 2008 to 2009. More strikingly still, three sectors – the influential accountancy/professional services, banking/financial services and IT industries – report a projected lower median salary for graduate recruits, in banking by as much as 8.9%. The effect of a lower median is produced in large part by organisations paying salaries lower than the median value planning to recruit proportionally greater numbers of graduates. Very rarely

have we seen companies actually reduce the initial salary year on year. This study sees, however, an unprecedented four organisations within banking and financial services anticipating a reduction in starting salaries for 2009 compared to 2008.

Salary growth is expected in only four sectors (what a contrast to the nine sectors predicting growth in 2008 in this year’s Summer Review): FMCG, the public sector, construction and, markedly and perhaps surprisingly, retail, where 2009 salaries are expected to increase by 10.0%.

Table 1.23 - Predicted salary change 2008 to 2009 by sector

Sector	% change
Retail	10.0%
Construction company or consultancy	4.3%
Public sector	4.0%
FMCG	1.9%
Consulting or business services	no change
Engineering or industrial	no change
Investment bank or fund managers	no change
Law firm	no change
Transport or logistics	no change
IT	-3.7%
Accountancy or professional services	-7.8%
Banking or financial services	-8.9%

Graduate Salaries by Region

Not unexpectedly, London continues to top the median-salaries-by-region table. However, London median graduate starting salaries have suffered a slight drop, from £28,375 to £28,000. This is doubtless to be ascribed to many vacancies in sectors where growth is negative or stagnant being based in London. Median salaries in Scotland and Yorkshire have also seen reductions. The median for (UK) vacancies in Europe (with an exceptionally large inter-quartile range) has also fallen, while that for Ireland has increased.

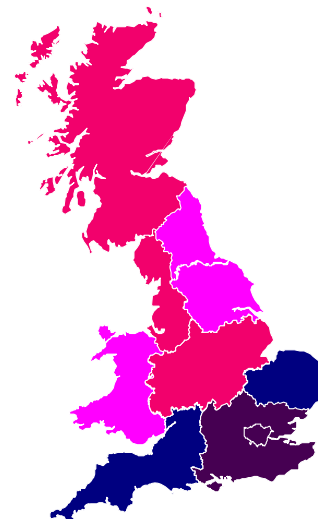


Table 1.24 - Starting salaries by region in 2008

	Median	Upper Quartile	Lower Quartile
London	£28,000	£36,000	£25,750
South East	£24,500	£26,500	£23,000
South West	£24,000	£25,000	£22,500
East Anglia	£23,250	£24,500	£20,000
North West	£23,000	£24,500	£20,000
The Midlands	£22,500	£24,500	£21,000
Scotland	£22,000	£24,000	£20,000
Yorkshire	£21,700	£23,500	£20,500
North East	£21,000	£22,500	£20,000
Wales	£21,000	£22,500	£20,000
Ireland	£27,000	£35,200	£23,000
Europe	£28,000	£37,500	£18,500

Graduate Salaries by Career Area

Table 1.25 shows legal work and investment banking as joint leaders in the median-salary field by career area at AGR employers, with graduates in these functions enjoying median salaries of £37,000. Consulting and actuarial work share second place. Accountancy's median has risen quite noticeably – from a prediction of £22,000 in the 2008 Summer Review to £25,000 -, and graduates joining AGR employers in IT will also be benefitting from an increase. The low medians in general management and particularly human resources have been influenced by low figures from individual large recruiters.

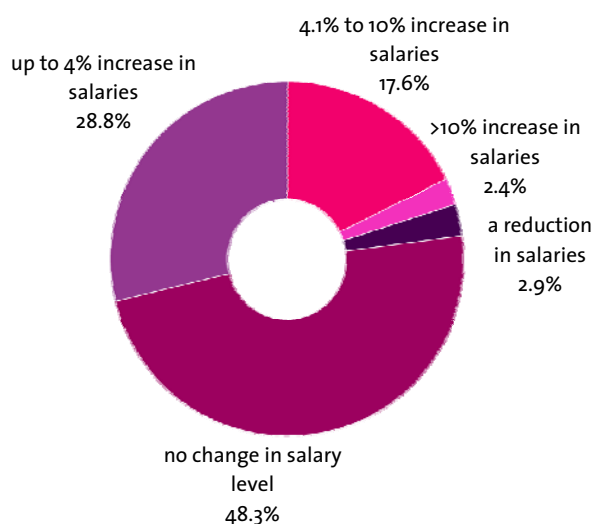
Table 1.25 - Median starting salaries by career area in 2008

	Median Salaries	Upper Quartile	Lower Quartile
Legal work	£37,000	£38,000	£35,000
Investment banking	£37,000	£37,000	£36,000
Consulting	£27,000	£31,000	£27,000
Actuarial work	£27,000	£28,000	£26,600
IT	£26,500	£35,000	£25,000
Accountancy	£25,000	£27,250	£22,000
Sales	£25,000	£27,000	£22,500
Manufacturing engineering	£25,000	£27,000	£22,500
Financial management	£25,000	£25,500	£21,000
Science	£24,444	£32,000	£21,000
Purchasing	£24,000	£25,000	£24,000
Electrical/electronic engineering	£24,000	£25,000	£23,500
Mechanical engineering	£23,500	£25,000	£23,000
Research and development	£23,500	£25,000	£23,000
Logistics	£23,500	£23,500	£23,500
Civil engineering	£23,500	£23,500	£23,000
Marketing	£22,000	£24,500	£20,000
Retail management	£22,000	£23,000	£20,000
Human resources	£21,000	£25,000	£12,000
General management	£20,500	£25,000	£16,000

Expected Changes to Salary Levels in 2009

The prediction of salary stagnation made by AGR members above is confirmed by our detailed look at how they intend to approach graduate salaries in the current recruitment season. Chart 1.26's main message is of overriding caution: almost half (48.3%) of respondents - double the number expressing this intention in the 2008 Summer review - expect to maintain their current salary levels with no change; a further quarter (28.8%) will be increasing salaries by no more than 4%; and 2.9% are anticipating a reduction. It is quite remarkable that only one-fifth of Survey participants expect to raise their graduate salaries by more than 4%.

1.26 Expected graduate salary change 2008 to 2009



Even in the lean years for graduate recruitment of 1991 and 1992, starting salaries showed increases of 8.7% and 2.4% respectively, according to AGR surveys.



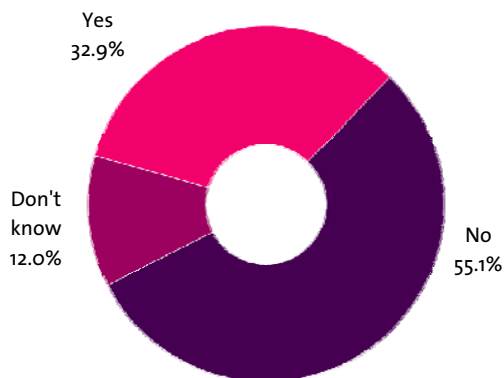
Recruitment of Teachers

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 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. This was about the same as the previous year. Details of teachers' pay can be found at: www.teachernet.gov.uk/management/payandperformance/pay

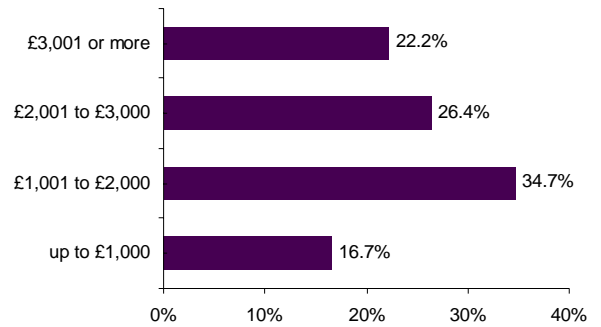
Lump-Sum Payments to Graduates in 2009

Just under a third (32.9%) of AGR employers will be attracting applicants and rewarding successful candidates with a lump-sum payment in 2009. Of these, a third again (34.7%) pay in the range £1,001 to £2,000. (See Charts 1.27 and 1.28). The median lump-sum payment expected to be on offer at AGR organisations stands again unchanged from last year's at £2,000.

1.27 - Proportion of employers expecting to pay lump sums to some recruits

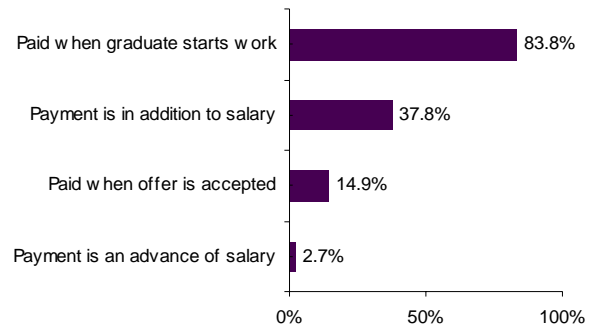


1.28 - Predicted lump-sum payments for 2009



As Chart 1.29 illustrates, a large majority (83.8%) of AGR employers who offer lump sums pay them when the successfully recruited graduate starts work.

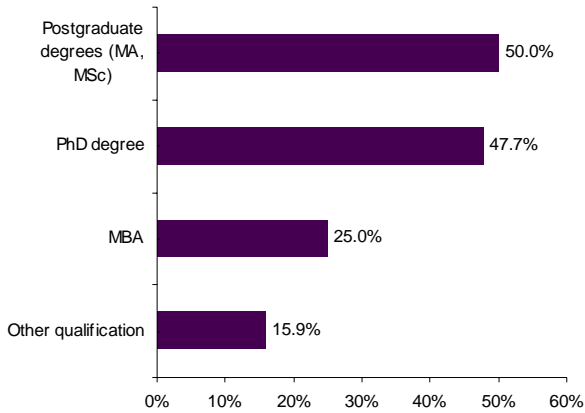
1.29 Facts about lump-sums paid



Education Premiums and Other Remuneration for Graduates in 2009

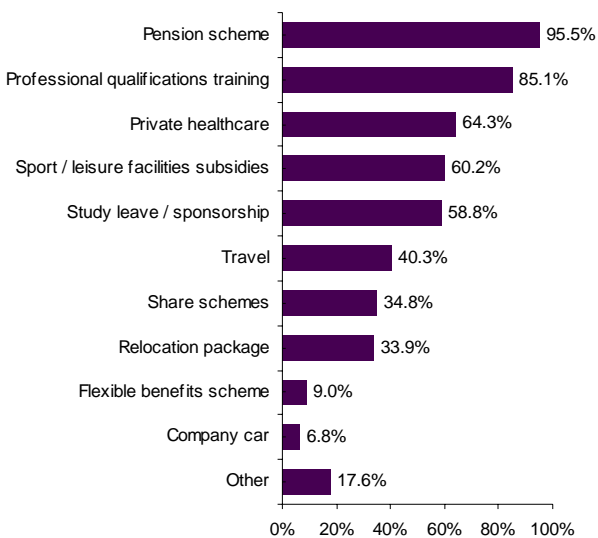
Specific qualifications over and above an undergraduate degree are worth a financial premium to 18% of AGR members overall. As Chart 1.30 demonstrates, half of AGR employers who pay premiums reward postgraduate degrees such as Masters. A PhD is worth a premium for 47.7%, and an MBA for just a quarter – although these select few reward an MBA particularly handsomely, to the tune of a median (heavily influenced by individual organisations) of £21,000. Median premiums for a PhD (£3,500) and for a postgraduate qualification (£2,000) are more modest – both than the MBA figure and than last year's Winter Review, in which a PhD attracted a median of £6,540 and a postgraduate degree £3,508. This development is perhaps testament to the rising proliferation of postgraduate qualifications among today's graduates.

1.30 Qualifications for which premiums are paid



Pension schemes and training for professional qualifications are set in 2009 to maintain their unchallenged position as the most popular non-monetary benefits in AGR members' graduate employment packages; the former is offered by an overwhelming 95.5% and the latter by 85.1%. Further, Chart 1.31 shows that many AGR employers follow the principle *mens sana in corpore sano* ('a healthy mind in a healthy body') by offering their graduate employees private healthcare (64.3%) and making subsidised sports and leisure facilities available (60.2%). The relocation package has fallen back a little in popularity on last year (from 39.9% to 33.9%); nevertheless, two-fifths (40.3%, compared to 33.2% in the last Winter Review) of respondents support the idea of mobility by offering travel as a benefit. The company car features in the benefits packages of just 6.8% of Survey participants, continuing its decline in importance.

1.31 Benefits offered



2

Chapter Graduate Recruitment Marketing

Graduate Recruitment Marketing

Introduction

In this section we turn the spotlight on AGR members' graduate recruitment marketing practices, and in particular the size of recruitment marketing budgets and the proportionate spend on different marketing activities and approaches.

Employers were asked to specify their actual spend in 2008 and their predicted spend in 2009 on key marketing activities. These activities were: employers' own graduate recruitment brochures and websites; graduate recruitment advertising; online graduate recruitment promotions; employer presence at graduate careers fairs and on-campus presentations. The Survey also asked employers to indicate how their spending was distributed within each of these areas.

Not all employers retained such details in their records or were willing to disclose the information. However, data was provided by a sufficient number of AGR employers to develop an understanding of spending patterns related to recruitment marketing, including calculation of total spend per employer and cost per graduate vacancy.

This chapter presents a concise overview of key facts regarding graduate recruitment marketing spend in 2008 and 2009; more detailed information will be available on the AGR website.

NOTE: This chapter uses the median value to compare different spending levels when a sufficient number of employers has provided data. Where this is the case, the median value is calculated by taking the 'mid-point' spend for the employers being considered. For example, when analysing the spend of 15 employers on a particular form of promotion, the median spend is calculated to be the 8th highest spend (the mid-point) of the 15 individual budgets. Where, however, the numbers of employers who had provided data was too low, neither a mean nor a median was calculated.

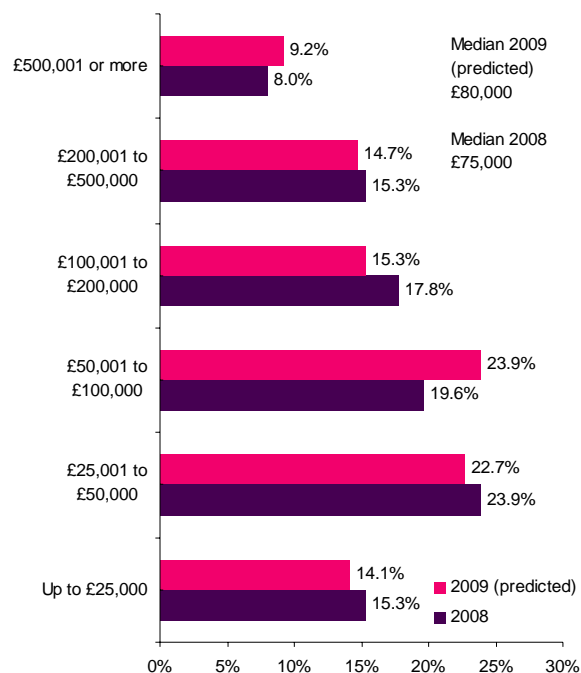
Total Marketing Spend in 2008 and 2009

The vacancy and salary slowdown was not yet apparent in the 2008 graduate recruitment drive, at least if marketing spend is anything to go by: the predicted 2008 median per organisation of £67,000, recorded in the last

Winter Review, is outstripped emphatically by the 2008 actual median of £75,000 – a notable rise on the actual figure for 2007 at just £52,500. Predictions for 2009, however, are much more in keeping with the deteriorating vacancy situation, with a rather modest increase in the median per organisation – to £80,000 – expected.

Chart 2.1 shows that 2009 is expected to see an increase in the proportion of AGR employers' marketing budgets in the middle range, of £50,001-£100,000, while numbers spending in the lower and the higher brackets (with the exception of the very highest category of spend) are set to decline slightly. This might indicate that while lavish marketing measures might be on the way out, AGR members in general recognise the need to keep up or even step up their recruitment marketing effort in lean times.

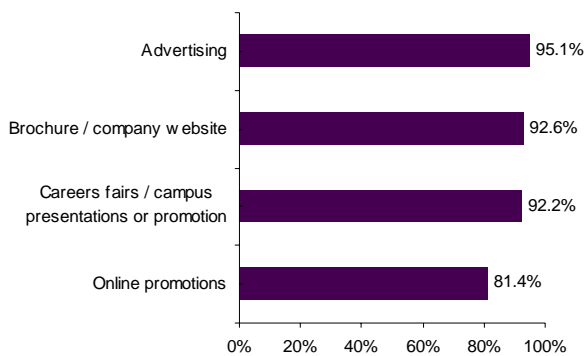
2.1 Total spending on graduate recruitment marketing in 2008 and 2009 (predicted)



Graduate Recruitment Marketing Activities in 2009

The traditional mainstays of graduate recruitment marketing activity continue to feature in AGR members' recruitment plans for 2009. As Chart 2.2 shows, over nine-tenths of respondents to the Survey use advertising, brochures and/or company websites, and on-campus activities such as attendance at careers fairs, presentations or promotions. Online promotions are increasing in significance, with 81.4% intending to use them in 2009, as compared to 76.8% in 2008.

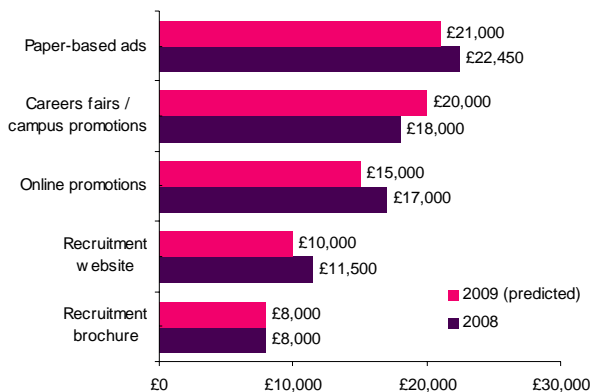
2.2 Graduate recruitment marketing activities in 2009



Spend on Key Activities

Chart 2.3 reveals a small but potentially significant change in emphasis when it comes to AGR members' allocation of shares of their marketing budget to different types of activities. Spending on paper-based advertisements, online promotions (this despite the increase in their popularity among employers) and recruitment websites is predicted to decline from 2008 levels over the current recruitment season. Conversely, AGR employers anticipate their spending on careers fairs and campus promotions will have increased to a median of £20,000 – putting these activities in second place for spending, close behind paper-based ads at £21,000 - by the end of the present recruitment round.

2.3 - Median spend 2008 and 2009 on key activities



In other words, activities entailing face-to-face contact with the potential candidate are becoming the subject of greater financial focus among AGR members.

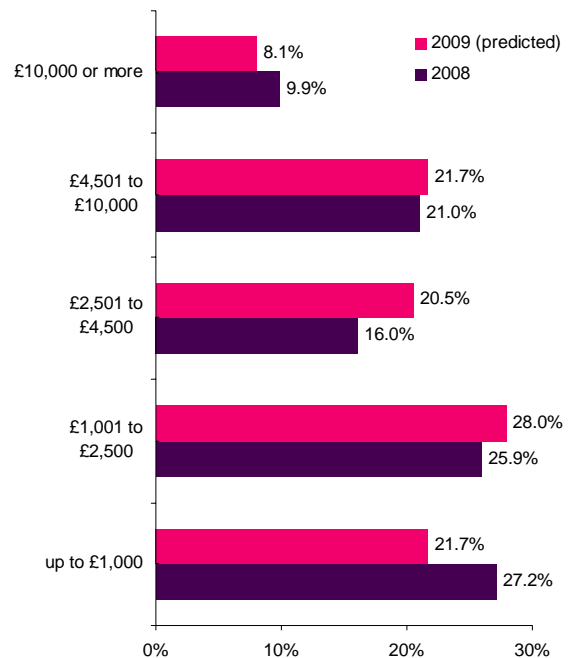
Marketing Spend per Vacancy

When marketing spend is considered in conjunction with the number of vacancies for which employers are recruiting, it is possible to calculate 'marketing spend per vacancy'.

Median marketing spend per vacancy in 2008 did not meet expectations as expressed in the 2008 Winter Review. The predicted figure of £2,462 is noticeably larger than the actual median spend per vacancy in 2008, which was £2,198. For 2009, AGR employers anticipate spending a median of £2,533 marketing each vacancy: not lavish, then, but indicative of the fact that the war for talent continues in lean times.

Chart 2.4 shows that 2009 is expected to see smaller proportions of respondents spending in the highest and lowest spend-per-vacancy brackets, and a greater percentage – 48.5% in total – of spends per vacancy between £1,001 and £4,500.

2.4 AGR employers' marketing spend per vacancy in 2008 and 2009 (predicted)

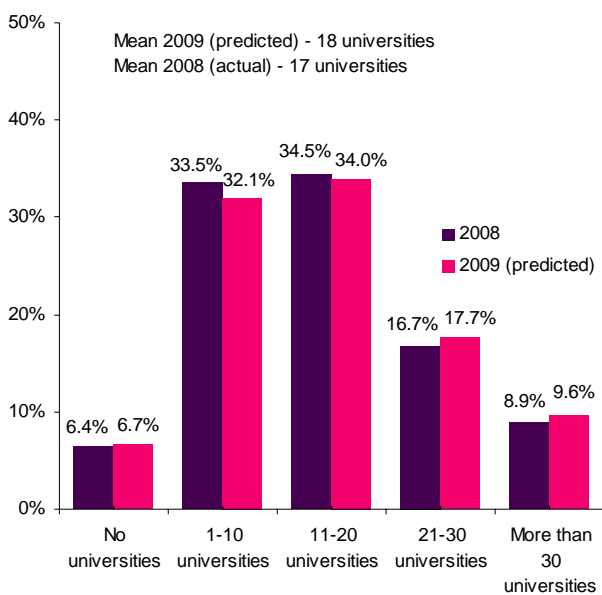


AGR members can obtain a more detailed analysis of graduate recruitment marketing spend in 2008 and 2009 by referring to the AGR website (<http://www.agr.org.uk/>). This includes a more detailed breakdown of spending for each marketing channel.

Targeting Universities in 2008 and 2009

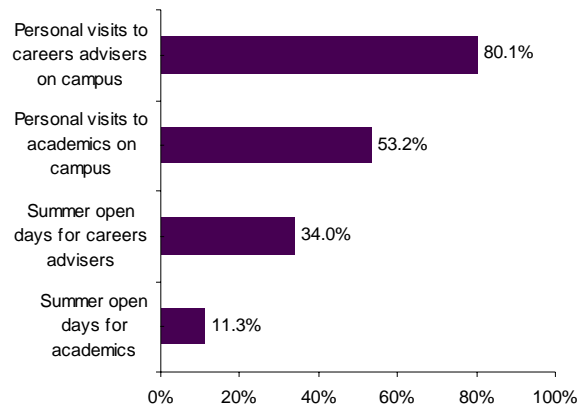
The actual 2008 mean number of universities targeted per AGR organisation was 17, with the predicted 2009 mean slightly higher, at 18; this increase confirms the trend mentioned above towards increased face-to-face contact with candidates. As Chart 2.5 indicates, there is set to be a very small increase in the numbers of AGR employers visiting more than 20 universities in the current recruitment season, and a slight fall in those targeting between 1 and 20.

2.5 Number of UK universities targeted for campus events in 2008 and 2009 (predicted)



Personal contact with university careers advisers is enjoying a renaissance among AGR members, with four-fifths (80.1%) visiting careers advisers on campus in 2008, and a third (34.0%) organising summer open days for them (see Chart 2.6): the corresponding figures for 2007, given in the 2008 Winter Review, were 73.9% and 26.1% respectively. Marketing interaction with academics is less common: in 2008, 53.2% of Survey participants visited academics on campus, and just 11.3% held summer open days for them.

2.6 Communication methods in 2008



3

Chapter  **Hot Topics in
Graduate
Recruitment**

Hot Topics in Graduate Recruitment

Introduction

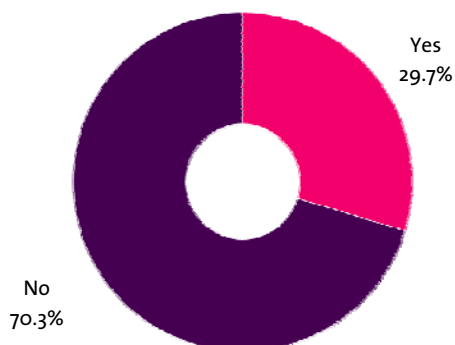
This final chapter of the Winter Review addresses a series of current hot topics in graduate recruitment.

The chapter begins with our annual look at the prevalence of school-leaver entry programmes among AGR employers, as well as examining the proportions of members who actively recruit for UK vacancies abroad and their reasons for doing so. Additionally, we seek to put into context our findings in Chapter 1 on the impending slowdown in graduate recruitment and salaries: what will it mean for graduates, and how best can they weather the storm? We asked those participating in the Winter Review for their advice.

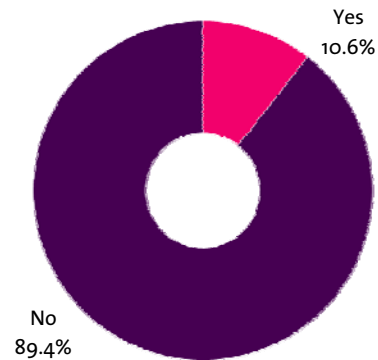
School-Leaver Entry Programmes

The proportion of AGR employers who offer a school-leaver entry programme for 16- to 18-year-olds continues to rise (very) slowly but steadily, hovering this year, as Chart 3.1 illustrates, just under the 30% barrier (29.7%). An entry programme for school-leavers is under consideration at one-tenth (10.6%) of those organisations who currently do not operate one (see Chart 3.2).

3.1 Proportions of employers operating a school-leaver entry programme (16 to 18 years)



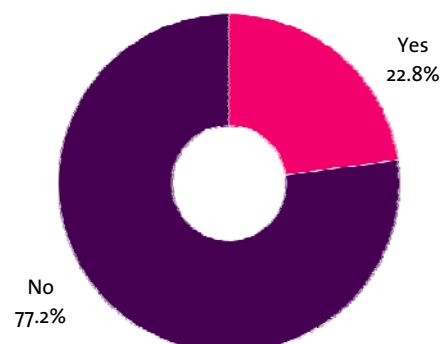
3.2 Proportions of employers not yet operating but considering a school-leaver programme



Recruiting for UK Vacancies Overseas

There has been little change in the numbers of AGR members looking overseas to fill UK graduate vacancies: 24.9% of Survey respondents reported this as being part of their recruitment policy in the last Winter Review, while this year (as shown in Chart 3.3) the figure has fallen minimally to 22.8%.

3.3 Proportions of employers actively marketing UK vacancies overseas



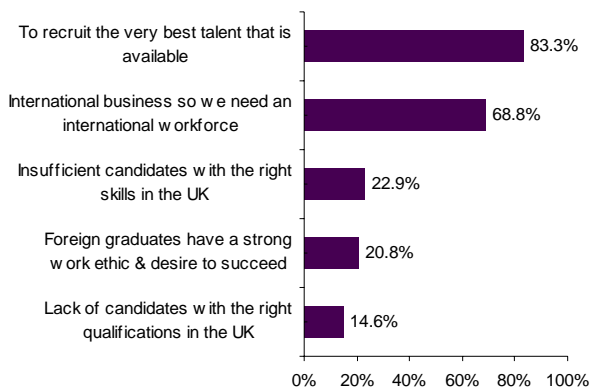
A good third – 36.0% - of those respondents who actively market UK vacancies abroad limit this activity to Europe, up on 29.4% in last year's Winter Review (see Chart 3.4).

3.4 Foreign marketing: geographical extent



Chart 3.5 reflects a strong concern with widening the talent pool when it comes to graduate recruitment. Of those organisations who actively recruit overseas, an emphatic 83.3% do so 'to recruit the very best talent that is available'. This figure is noticeably up on that in last year's Winter Review, in which 75.5% gave this reason. By contrast, the fact of being an international business needing an international workforce, as a reason for recruiting abroad, is significant for 68.8%, compared to 73.4% last year. The total proportion of those complaining of a lack of candidates with the right qualifications or skills in the UK is fairly static (37.5% this, 38.7% last Winter Review); while qualifications, however, were seen as the larger problem last year, this time round skills are the greater concern, with 22.9% of all AGR members recruiting overseas bemoaning a lack of appropriately skilled UK applicants, and just 14.6% unhappy about UK graduates' qualifications.

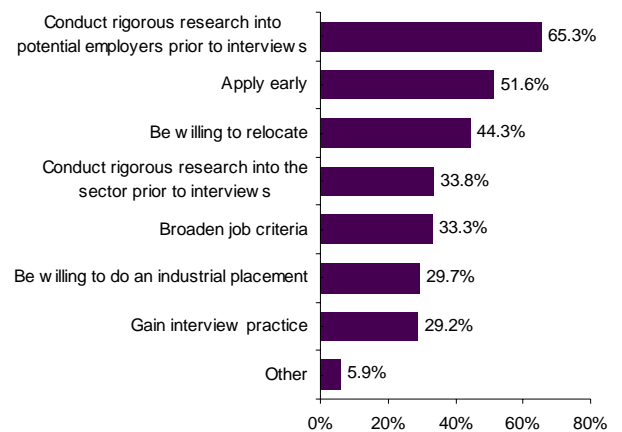
3.5 Reasons for recruiting overseas?



'crunch'. According to the Times, graduates are facing 'hard lessons in finding jobs', and are no longer able to count on their 'shiny new degrees' to get them into employment (source: *timesonline.co.uk*, 14 November 2008). In this context, we asked respondents to offer advice to graduates on how best to enter a market in which organisations are battenning down the vacancy and salary hatches.

Chart 3.6 shows that the most popular answer to the question 'What advice would you give graduates searching for jobs during periods of fewer vacancies?' proved to be a recommendation to conduct rigorous research into potential employers prior to interviews. These wise words aim at ensuring that employers and graduates do not speak 'different languages', but rather that graduates go into an application with their eyes open, a clear understanding of what the business is about and a tangible enthusiasm for the employer. Several pieces of advice in response to this question expand on this theme. AGR members, possibly veterans of the oft-lamented mismatch of expectations between employer and graduate, warn candidates to 'give some serious thought as to why you want to join a particular organisation', and to 'think about what you want from a graduate programme and ensure you choose an employer that matches these expectations'. A related piece of advice, that to conduct rigorous research into the sector the organisation is active in prior to interviews, attracts endorsement from a third of Survey participants. In a similar vein, one member calls on graduates to 'demonstrate a genuine commitment to the career'.

3.6 - Advice to students searching for jobs during periods of fewer vacancies?



Advice to Graduates in Difficult Times

This report contains one consistent strand, namely that graduate recruitment in the UK is heading into a chilly period, with widespread vacancy reductions and salary standstill. Lean times for recruitment mean, of course, lean times for graduates, with the already competitive market shrinking while numbers of graduates continue to swell: this situation has been aptly termed the 'career

Half of respondents offer the simple advice to apply early, while over two in five want to see applicants who are willing to relocate – possibly quite far away, if the added answer ‘Emphasise interest in an international career’ is anything to go by. Further, a third advise graduates to ‘relocate’ mentally, by broadening their job criteria – a view which contrasts to some degree with that expressed by the recruiter who says ‘graduates need to know what they want. Graduates who are indecisive are not hired.’

It is of note, in the context of the findings above on a perceived lack of candidates with the right skills in the UK, that several participants indicate the importance of skills, such as ‘Build on softer skills – presentation etc.’ and ‘Get some experience to enhance your soft skills, through volunteering or a gap year’.

All careful preparation notwithstanding, the fact remains that in the current climate, some graduates might find it impossible to find their dream job, and might consider postponing their further job search in order to improve their employability. Our next question to AGR members asked what they would advise graduates in this position. Getting into work somehow is top of the list: two-thirds (68.7%) would endorse advice to accept temporary paid employment, and over half (54.4%) recommend gaining graduate-level experience in other fields. It is of interest that our respondents prefer the former course to the latter; clearly it is not always seen as a wise move for graduates to diversify into other sectors or career areas while waiting for an opportunity in their field of choice. Unpaid work rates as less beneficial (and is likely to be fairly sector-dependent), with just 35.9% recommending it.

3.7 - Advice to graduates considering the postponement of their job search in order to improve their future employability?



Almost half (48.8%) of respondents rate skills training as a way for graduates to enhance their employability; this finding tallies with participants’ comments above describing skills as vital in terms of having the edge in the

job hunt. There are clearly mixed feelings among AGR employers as regards ‘years out’, particularly in the situation described, with 39.6% viewing a gap year as a sensible course of action for a graduate looking to become more employable. Further educational development comes bottom of the pile in terms of what our members would advise: just 30.9% endorse it. This might indicate that graduates with non-academic aims who find themselves frustrated in the job search should not always succumb to the temptation of returning to university, and provides interesting illumination to our finding in Chapter 1 that postgraduate qualifications no longer necessarily confer the ‘edge’ they once used to. Those graduates who have, according to Charlie Ball of Prospects, caused applications to postgraduate courses to ‘surge’ this autumn, eager to ‘sign up to study for a couple of years until the recession is over’, may not, in graduate recruiters’ eyes, always be pursuing the best course. (Source: telegraph.co.uk, 22 November 2008).

In the open responses to this question, one striking theme emerges: that of being realistic. It seems that some AGR employers recognise the need to gently burst the Generation Y bubble. One asks succinctly: ‘Is there such a thing as a dream job?’, while others warn that graduates’ ‘expectations may be too high’ or that they ‘need to be realistic about the opportunities available’. A further note of caution is sounded by the respondent who stresses that graduates should ‘ensure they have researched enough to understand what their “dream job” entails’: here we see again the theme of potential mismatch of expectations that we discussed above.

4

Chapter Further Insights and Commentary

Further Insights and Commentary

Introduction

In order to understand more closely the impact of these turbulent times on organisations' recruiting decisions, we conducted a series of follow-up interviews by telephone with a carefully selected cross-section of survey respondents. The following section provides an analysis of their comments. The interviewees included recruiters who are recruiting more, fewer and the same numbers of recruits as last year.

Graduate recruitment: cut back, but not cut out

Undoubtedly the present economic situation will not merely be a passing visitor, and its effects will reach beyond the current recruitment season: organisations will not necessarily be 'rushing back to life as normal' in 2010 as says a representative of an engineering/industrial company. Nevertheless, the organisations we spoke to are acutely aware that the crisis will not go on indefinitely and that skills shortages are a real danger in an eventual upturn. An employer in the financial services sector harks back to earlier crises to sound a warning note, remembering that 'there was a complete stop to recruiting back in '02 and '03 which had serious implications at the time in terms of the talent pipeline'; the consequence, for this and also other organisations, is that recruitment might be seeing reductions but many companies are reluctant to halt it completely, recognising that, in the words of a construction company's representative, this would leave a 'massive gaping hole in years to come'. A retail organisation's representative says that, despite reductions in recruitment for 2009, their organisation was 'absolutely adamant we made sure we still had a significant number of graduates'. An engineering company, while decreasing the number of vacancies for this season, concluded that it would be 'quite silly' to stop recruitment completely for the year and decided to 'weather the storm'. Presence on the milkround is frequently seen as essential preparation for the upturn, whenever it may come: the construction company representative quoted above summed this up with the words 'you've got to keep doing it'. It is also interesting and important to note that reductions in vacancy levels this season are often not being made for economic reasons alone. An engineering/industrial company representative explains that the present situation merely exacerbated the reduction already factored in due to internal planning.

A public sector organisation reporting a temporary pause in recruitment in this season attributes it entirely to a current change project, also admitting that it is 'not ideal to come out of the graduate market'. Likewise, a retail company ascribes its reduction to the need for 'leaner structures' within the business rather than to the credit crunch. One representative of a construction company which is seeing a vacancy decline explains this as being due in equal parts to the economic climate and a current strong emphasis on developing talent already in the organisation. Another respondent in the same industry, meanwhile, will be welcoming more recruits, sustained by growth in the business and long-term projects.

Generation Y comes down to earth

The times in which graduate job-seekers had the 'upper hand', or at least felt they did (public sector organisation), are over, at least for the time being. Many of the organisations we spoke to have confirmed that interest in jobs is up, competition is keener and the economic crisis is at the forefront of many graduates' minds, a preoccupation which appears to manifest itself in several different ways. A respondent from the construction industry has sensed 'nervousness' and 'worry' at recruiting events while 'reality' sets in. An organisation active in banking reports their 'battle-hardened job-hunters are bringing cynicism and a sceptical attitude to the milkround'; an engineering/industrial company agrees, commenting that some graduates 'believe there are no jobs available and that companies are only there for PR purposes'. What a banking industry representative describes as 'Generation Y's need to be told the truth and treated like adults' thus acquires a peculiarly pessimistic edge in some contexts.

Graduates – as says a public sector organisation – seem to be 'very conscious of the economic climate, which is unusual' and they are changing their application behaviour. The construction employer referred to above concurs with a representative from the public sector that candidates are 'looking at areas they perhaps might not have considered' previously, in more clement economic times. Generation Y is realising that applications are a serious business: a retail company reports a considerable reduction in the number of candidates not turning up to assessment centres, dispensing with the need to overbook. Along similar lines, an observation from an accountancy/professional services firm is that there is 'a difference this year when applicants face rejection – they are concerned', showing 'much more interest in feedback'

on improving their performance. While some candidates are 'deciding where they want to work and refusing to compromise' (accountancy/professional services firm), others are quite literally moving with the times, considering locations outside of London and sharing a 'greater willingness to relocate' (retail company). A public sector employer finds its applicants are 'challenging, but not in a bad way', suggesting perhaps that the combination of Generation Y confidence with a dose of realism could be a recipe for success.

Graduates: do your research!

Our interviewees confirmed loud and clear the impression we report on in Chapter 3: the message to graduates setting out onto the job market in these turbulent times is that research and preparation are among the most vital keys to success. As a recruiter from an engineering/industrial company put it: 'we are all being more selective, so we expect graduates to have researched jobs'. It seems that these expectations are, at least in some quarters, being disappointed: In the words of a participant from accountancy/professional services, 'an otherwise smashing interview will often fall apart at the preparation (or lack of) hurdle and on commercial awareness (or lack of)'. A public sector employer laments 'an absolute lack of understanding and big lack of sector knowledge' among candidates, but continues – framing the same point more positively from a different angle – that 'hopefuls who have done their research stand out head and shoulders before they've even got to the assessment centre'. In this context, the positive experience of a construction company is encouraging: even though it has seen a rise in applicants with non-construction backgrounds, it can report that its candidates 'know what they're talking about' and 'know about the role they're applying for'.

In a climate in which jobs are scarce and some are being lost, being a worthy new recruit almost becomes a moral responsibility. 'When there are redundancies in the organisation', said an interviewee from an engineering/industrial company, 'I need to be able to say hand on heart that I'm taking the best people that I can'.

And graduates: hang in there!

Despite the current recruitment circumspection, 'there are still jobs out there', as an engineering and a construction company emphasise in near-unison, and the message is to keep a clear head and rise to the challenge, responding to employer demand for new skills sets such as 'flexibility, adaptability, mobility' (accountancy/professional services firm). These difficult times offer successful graduates a whole host of opportunities for real responsibility, rapidly achieved: as an engineering/industrial recruiter advises, 'if people are up for a challenge, they're never going to have a better time than now to prove themselves'.

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).