

# The AGR Graduate Recruitment Survey 2008

Winter Review

Association of Graduate Recruiters  
The Innovation Centre  
Warwick Technology Park  
Gallows Hill  
Warwick CV34 6UW

T: 01926 623236  
F: 01926 623237  
E: [info@agr.org.uk](mailto:info@agr.org.uk)  
W: [www.agr.org.uk](http://www.agr.org.uk)



Survey produced for AGR by **trendence**

trendence Institute  
Kochstrasse 27  
D-10969 Berlin

T: +49 30 259 29 88-0  
F: +49 30 259 29 88-901  
E: [info@trendence.com](mailto:info@trendence.com)  
W: [www.trendence.com](http://www.trendence.com)

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

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

© **trendence Institute and The Association of Graduate Recruiters 2008.**

All rights reserved. No part of this publication may be reproduced, stored in a retrieval system, or transmitted in any form or by any means, electronic, mechanical, photocopying or otherwise, without prior permission of the publisher.



# Contents



## Executive Summary

### Chapter 1

#### Introduction

Taking the Pulse of the Graduate Market  
Methodology  
Participating Organisations

### Chapter 2

#### Graduate Vacancies

Introduction  
Graduate Vacancies in 2007 and 2008  
Profiling Graduate Vacancies in 2007  
*Vacancies by Geographic Location*  
*Vacancies by Business Function*  
Changes in Graduate Vacancies in 2008  
*Changes in Vacancies by Business Sector*  
Recruitment Shortfalls in 2007 and Challenges in 2008  
Gender, Age and Diversity of Graduate Recruits in 2007

### Chapter 3

#### Graduate Salaries

Introduction  
Graduate Salaries in 2007 and 2008  
Profiling Graduate Salaries in 2007  
*Profile by Business Sector*  
Expected Changes in Graduate Salaries in 2008  
Lump Sum Payments to Graduates in 2008  
Education Premiums and other Remuneration for Graduates in 2008

### Chapter 4

#### Graduate Recruitment Marketing

Introduction  
Total Marketing Spend in 2007 and 2008  
Graduate Recruitment Marketing Activities in 2008  
*Spend on Brochures and Websites*  
*Spend on Advertising and Online Promotions*  
*Spend on Careers Fairs and On-Campus Presentations*  
Targeting Universities in 2007 and 2008  
Marketing Spend per Vacancy

### Chapter 5

#### Hot Topics in Graduate Recruitment

Introduction  
School-Leaver Entry Programmes  
Age Discrimination Act 2007  
Recruiting for UK Vacancies Overseas  
Generation Y



# Executive Summary

**The Winter Review of The AGR Graduate Recruitment Survey 2008 is based on research conducted for the AGR by trendence Institute with 217 graduate employers during November and December 2007.**

The survey is produced to provide AGR employers with definitive, up-to-the-minute insights into the latest graduate market conditions, including:

- Predicted vacancies and salaries for 2008
- Actual vacancy and salary levels for 2007
- Recruitment shortfalls in 2007 and challenges for 2008
- Recruitment marketing budgets in 2007 and 2008
- Responses to current hot topics in graduate recruitment

## Graduate Vacancies

Growth in recruitment has been healthy in 2007, and the 2008 recruitment season is predicted to see a 16.4% increase in vacancies; this is the fifth consecutive year of growth.

A sizable majority of AGR employers have increased vacancy levels in their organisations in 2007. London and the South East continue to dominate the UK vacancy location table. There has been a substantial rise in vacancies located outside the UK and Ireland.

In terms of business function, over a fifth of vacancies offered by AGR employers in 2007 were located in accountancy.

## Recruitment Shortfalls and Challenges

Although only a minority (43.5%) of Survey participants were unable to fill all their 2007 vacancies, this minority was substantial, and proves somewhat disappointing in view of the 2007 Summer Review's prediction that two-thirds of respondents were on course to avoid shortfall. Average shortfall has risen from 12.3 vacancies per organisation in 2006 to 14.2 in 2007.

Over two-thirds of employers are concerned that 2008 will prove challenging in terms of graduate recruitment. Graduates' negative perceptions of the industry sector are becoming a major pitfall to successful recruitment for many AGR members.

There has been a sharp rise in the number of public sector organisations anticipating graduate recruitment difficulties in 2008, while accountancy and professional services firms are more optimistic than they were a year ago.

## Graduate Salaries

Dramatic graduate salary increases appear to be a thing of the past: growth in salaries in 2007 has been small (2.4%), with a further modest increase (2.1%) predicted for 2008. The median starting salary paid to graduate recruits at AGR employers stood at £23,500 in 2007, and is expected to rise to £24,000 next season.

Almost two-fifths of Survey respondents predict no change in graduate starting salaries in 2008 and two-fifths anticipate an increase of between 1% and 4%. Investment banks and law firm are now running neck and neck as the most generous paymasters whilst the public sector has fallen to the bottom of our league table with transport or logistics and retail also towards the bottom end.

AGR members who will be offering successful candidates lump-sum payments in 2008 (33%) will be paying a median of £2,000. Almost two-thirds of members who pay education premiums reward PhDs and other postgraduate qualifications in this way, but less than a third offer premiums for MBAs; however, median premium sum for MBAs is considerably greater than for PhDs.

Pension schemes, private healthcare and relocation packages are gaining in popularity as non-monetary benefits to graduates, possibly reflecting changing values among Generation Y graduates.

## Diversity

The proportion of females recruited in 2007 fell by 3.5% to 39.1%. That this is well below the proportion of females graduating can be explained by the type of careers covered in the survey and more importantly those not covered i.e. medical and teaching careers.

Following the the introduction of age discrimination legislation we can detect a significant change in the age profiles of graduate recruited. In 2007 1.7% of recruits were over 35 years of age. The corresponding figure for 2006 was 0.8%.

The proportion of graduates recruited from ethnic minorities rose from 15.1% in 2006 to 26.7% in 2007. This significant rise can largely be attributed to extensive and effective marketing/targeting by employers to improve the ethnic mix of their workforce.

## Graduate Recruitment Marketing

The buoyant predictions for 2007 median marketing spend were not fulfilled; nevertheless, estimates for 2008 indicate a season of higher spend ahead. Total median spend on brochures, websites and graduate recruitment advertising is expected to remain steady in 2008.

Presence at careers fairs and/or on-campus presentations is becoming more central to AGR employers' recruitment strategy, approaching brochure and website in popularity. Mean spend on careers fairs is predicted, to decline on 2007 levels by a very similar amount to that by which spend on campus presentations is expected to rise.

Members continue to widen their recruitment marketing reach, with a mean average of 21.3 universities per organisation planned as targets for marketing activities in 2008, by contrast with the 19.2 targeted in 2007.

In 2007, Survey participants spent a mean of £2,318 per vacancy, substantially more than predicted in last year's Winter Review, while 2008 is expected to bring only a slight rise to £2,462.

## Hot Topics in Graduate Recruitment

School-leaver entry programmes remain a relatively minor issue among AGR employers, yet are gradually becoming more widespread.

More than three-quarters (78.6%) of respondents say the Age Discrimination Act 2006 has impacted directly on their graduate recruitment marketing strategy.

One quarter (24.9%) of AGR employers actively market UK vacancies overseas. By far most popular reasons for this course of action are access to the 'very best talent available' and the desire to recruit a global (or European) workforce for a global (or European) organisation.

The dominant impression AGR members have of Generation Y graduates is that they take their personal and career development seriously and choose their potential employers critically and carefully.

There is also a clear sense that young people are less loyal to the business they work for than previous generations of graduates, a finding that indicates potential for new challenges ahead in retaining graduate talent for businesses.

# 1

## Chapter Introduction

# Introduction

## Taking the Pulse of the Graduate Market

**Welcome to *The AGR Graduate Recruitment Survey 2008 - 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 benchmarking of key market indicators such as salary and vacancy levels.**

As the 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 2006-2007 recruitment season (referred to as "2007" throughout) and their recruitment marketing plans in the 2007-2008 recruitment season (referred to as "2008" throughout).

The Summer Review, to be published in June 2008, will further investigate recruitment practices and graduate recruitment management by focusing on selection and assessment procedures, retention rates and salary progression.

## Methodology

The data presented in *The AGR Graduate Recruitment Survey* was obtained during a three-and-a-half week field period commencing in mid November. 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, which could also be completed in hard copy form or over the phone with the trendence Survey Manager.

The survey contained a range of detailed questions relating to graduate recruitment practices during the 2007 and 2008 recruitment season.

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

## Participation

The trendence Institute invited 391 AGR employers to participate in *The AGR Graduate Recruitment Survey 2008 - Winter Edition*. 217 employers completed the questionnaire giving a completion rate of 55%.

The respondents between them employed 26,575 graduate recruits in 2007.



## The following AGR members took part in the survey

3M United Kingdom Plc

### A

ABB Ltd  
 ABN AMRO  
 ADT Fire & Security  
 Airbus  
 Aker Kvaerner Engineering Services Ltd  
 Allen & Overy LLP  
 Alliance & Leicester  
 Alstom Power  
 AMEC  
 American Express  
 Amey Plc  
 Arcadia Group Ltd  
 AREVA T&D UK Ltd  
 Argos  
 Armstrong Transaction Services Limited  
 Arriva  
 arup  
 ASDA Stores  
 Ashurst  
 AstraZeneca  
 Atkins  
 Atos Origin  
 Audit Commission  
 AXA Investment Managers  
 AXA UK

### B

Babcock Marine  
 BAE Systems  
 Baillie Gifford & Co  
 Baker & McKenzie  
 BAKER TILLY  
 Balfour Beatty  
 Bank of America  
 Barclays Bank Plc  
 Barratt Developments Plc  
 BDO Stoy Hayward LLP  
 Bechtel Limited  
 Berwin Leighton Paisner  
 BNP Paribas  
 Bond Pearce LLP  
 BP International Ltd  
 British Energy Group  
 Broadcom  
 Bruntwood Ltd  
 BT

### C

Cadbury Schweppes Plc  
 Capgemini  
 Capital One  
 Carillion Plc

CEMEX  
 Centrica  
 CHP Consulting  
 Cisco Systems Ltd  
 Citi  
 Clyde & Co  
 CMS Cameron McKenna LLP  
 Commerzbank AG  
 Corus Group Plc  
 Costain  
 CREDIT SUISSE  
 Cummins

### D

Danone  
 Data Connection Ltd  
 Davies Arnold Cooper  
 Davis Langdon LLP  
 Dechert LLP  
 Deloitte  
 Detica  
 Diageo  
 Dixon Wilson  
 DLA Piper UK LLP  
 dunnhumby Ltd

### E

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

### F

Faber Maunsell  
 FactSet Europe Limited  
 FDM Group Plc  
 Fidelity International  
 Filtrona Plc  
 Financial Services Authority  
 Fortis Investments  
 Fujitsu Services



**G**

Gardiner & Theobald  
 Gifford & Partners Ltd  
 GlaxoSmithKline  
 Google UK  
 Government Economic Service

**H**

Halcrow Group Ltd  
 HAT Group of Accountants  
 HBOS  
 Henderson Loggie  
 Hewitt Associates  
 Highways Agency  
 HJ Heinz Ltd  
 HM Prison Service  
 HSBC

**I**

IBM UK  
 ICI Plc  
 IMI Plc  
 Improvement and Development Agency for Local Government  
 Institute of Chartered Accountants of Scotland  
 Irwin Mitchell

**J**

Jacobs  
 John Lewis Partnership  
 Johnson Matthey  
 Jones Day  
 JP Morgan

**K**

Kerry Foods Ltd  
 KPMG

**L**

L'Oreal  
 Lehman Brothers  
 Linklaters  
 Lloyd's Register  
 Lloyds TSB Group Plc  
 Lockheed Martin  
 Logica CMG

**M**

Macfarlanes  
 Majestic Wine Warehouses Ltd  
 Marks & Spencer Plc  
 Mars Incorporated  
 Mayer, Brown, Rowe & Maw LLP  
 Mazars LLP  
 MBDA UK Ltd  
 McKinsey & Company

Merrill Lynch Europe Plc  
 Metronet Rail  
 Microsoft UK  
 Mills & Reeve  
 Mitsubishi Electric Europe  
 Morgan Stanley  
 Motability Operations  
 Mourant Services Limited

**N**

Nabarro  
 National Audit Office  
 National Express Group  
 National Grid  
 National Leadership & Innovation Agency for Health  
 National Airtraffic Service Ltd  
 Nestle UK Ltd  
 Network Rail  
 Next  
 NG Bailey  
 NHS Graduate Management Training Scheme  
 NHS SCOTLAND  
 Northern Foods Plc  
 Norwich Union  
 Nuclear Decommissioning Authority

**O**

OC&C Strategy Consultants  
 Oracle Corporation UK  
 Orange PCS Ltd

**P**

PA Consulting Group  
 Perkins Engines  
 Pilkington Group Limited  
 Pinsent Masons  
 PricewaterhouseCoopers  
 Procter & Gamble  
 PSA Peugeot Citroen

**Q**

QinetiQ

**R**

Reckitt Benckiser  
 Reed Smith Richards Butler LLP  
 Reynolds Porter Chamberlain LLP  
 RM  
 Rolls-Royce  
 Royal & SunAlliance  
 RWE npower



**S**

Saffery Champness  
Saint-Gobain Building Distribution  
Samworth Brothers  
Schroders Investment Management  
Scott Wilson Ltd  
Scottish & Newcastle Plc  
Scottish Water  
ScottishPower  
SELEX Sensors and Airborne Systems  
Sellafield Ltd  
SES  
Siemens Industrial Turbomachinery  
Siemens Plc  
Simmons & Simmons  
SJ Berwin LLP  
Skanska UK  
Slaughter and May  
Standard Bank  
Standard Chartered Bank  
Standard Life Assurance Limited  
SThree  
Swiss Re

**T**

Teach First  
Tesco Stores Ltd  
The Co-operative Group  
TIBCO Software Ltd  
TLT Solicitors  
TNS  
Training & Development Agency for Schools  
Towers Perrin  
Tube Lines Ltd

**U**

UBS  
Unilever UK

**V**

VT Group Services Ltd

**W**

VT Group Services Ltd

Waitrose Ltd  
Wates Group Limited  
Watson Wyatt  
Westinghouse Rail Systems Limited  
Wolseley Plc  
Wolseley UK  
Wragge & Co

**Y**

Yorkshire Water Services Ltd

# 2

## Chapter Graduate Vacancies



# Graduate Vacancies

## Introduction

This first section of *The AGR Graduate Recruitment Survey 2008 – Winter Review* provides an analysis of actual graduate recruitment in 2007 (employers were asked to give the actual numbers of graduates recruited during the 2007 recruitment season) as well as of the graduate vacancies that AGR employers are seeking to fill in the 2008 recruitment season.

Provision in the questionnaire for breakdowns of recruitment in terms of sector, location and business function allows the data to be analysed in these terms. This approach enables employers whose recruitment activities specialise in specific business functions or industry sectors, or are regionally focused, to extract from the Survey the data most relevant to them. Thus, organisations that recruit graduates into clearly defined sectors or career areas, such as law, are able to refer to data pertaining to this area and to those graduates seeking to enter it.

This powerful precision type of analysis empowers graduate recruiters to better understand the market and sectors they are targeting.

Furthermore, participating members will be able to receive additional sector-specific data in the form of an extract detailing key results of the winter review for certain business sectors.

**NOTE:** In this chapter the comparisons of actual graduate vacancy levels between 2006 and 2007 are based on the responses of employers who completed both the 2006 and 2007 editions of the AGR Recruitment Survey.

The predicted changes in vacancy levels between 2007 and 2008 are based on the responses of employers who, in the Survey 2008, have provided vacancy level data for 2007 and 2008.

## Graduate Vacancies in 2007 and 2008

Last year's 12.7% increase in graduate vacancies, predicted by AGR employers in the 2007 Summer Review, is expected to be topped in 2008; it is predicted that graduate vacancies will grow by 16.4%. This will be the fifth consecutive year of growth in vacancies and 2008 will enjoy the highest percentage growth in a decade (Chart 2.1).

Chart 2.1 - How graduate vacancies at AGR employers have changed 2000-2008

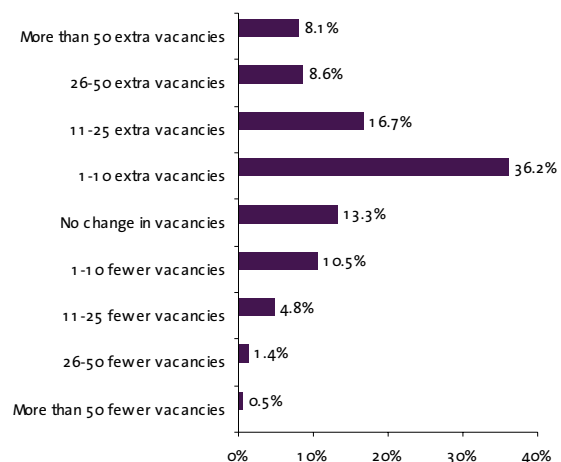


Percentage increase or decrease in vacancies on the previous year

Source: *trendence Institute*

As Chart 2.2 indicates, growth in recruitment has been healthy in 2007. More than a third – 36.2% - of employers report increases in vacancies in their organisation by between 1 and 10, and almost as many again (exactly a third in total) have seen vacancy levels rise by 11 or more.

Chart 2.2 - How AGR employers have changed their graduate vacancy levels in 2007

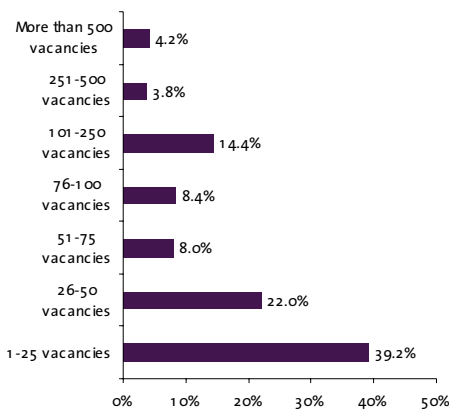


Base: Percentage of AGR employers

Source: *trendence Institute*

While the most frequent category of absolute vacancy levels among AGR employers in 2007 (Chart 2.3) was 1-25 – almost two-fifths of members report vacancies in this bracket - , a substantial proportion recruit in higher numbers, with 26-50 vacancies reported by 22.0% and the third most commonly selected category, 101-250 vacancies by 14.4%. The median number of vacancies was 30.

**Chart 2.3 - Graduate vacancies at AGR employers in 2008**



**Median - 30 vacancies per employer**  
Source: *trendence Institute*

## Profiling Graduate Vacancies in 2007

### Vacancies by Geographical Location in 2007

There are few surprises with regard to 2007's vacancy profile by geographical location, presented in Table 2.4. Over two-fifths (41.0%) of total vacancies in 2007 were to be found in London, which together with the South East (10.3% of total vacancies) supplied the majority of AGR members' 2007 recruitment capacity.

However, vacancies' concentration on London has fallen somewhat, with the 2007 figure representing a reduction on the 2006 value for London of 46.2%.

Third position is once again taken by the Midlands, with almost one in ten vacancies.

In total, 14.9% of graduate vacancies offered by AGR members in 2007 were located outside the UK and Ireland. This figure represents a considerable increase on that recorded in the last Winter Review.

A further notable change is that in 2007, a higher percentage of vacancies was to be found in the USA than in Europe.

The percentage of vacancies located in the 'rest of the world' has also seen a notable increase, even bearing in mind that these percentages are based on small absolute numbers.

**Table 2.4 - Vacancies at AGR employers by geographical location in 2007**

	% of total vacancies
London	41.0%
South East	10.3%
The Midlands	9.3%
North West	5.7%
Scotland	4.4%
South West	4.2%
Yorkshire	3.3%
North East	2.5%
East Anglia	1.6%
Wales	1.4%
Ireland	0.7%
Northern Ireland	0.6%
Europe	3.7%
USA	5.2%
Asia	1.4%
Rest of the world	4.6%

### Vacancies by Business Function

The information in Table 2.5 regarding percentage of vacancies by business function in 2007 shows accountancy in the lead again, with 22.7% of vacancies offered by AGR members. Some way behind, and also repeating the 2006 pattern, is investment banking, with 13.4%.

The proportion of vacancies in general management continues to fall; after reaching single figures (9.3%) in the 2007 Winter Review, it has slid to 7.7% in this edition, on a par with IT. Legal work, also subject to a decline in vacancies compared to 2006, takes fifth position.

Table 2.5 - Vacancies at AGR employers by career area in 2007

	% of total vacancies
Accountancy	22.7%
Investment banking	13.4%
IT	7.7%
General Management	7.7%
Legal work	6.0%
Sales	5.1%
Consulting	5.0%
Civil engineering	4.3%
Retail management	3.1%
Financial management	3.1%
Mechanical engineering	2.4%
Electrical/electronic engineering	1.7%
Marketing	1.2%
Actuarial work	1.2%
Manufacturing engineering	1.0%
Research and development	0.9%
Human resources	0.9%
Science	0.6%
Logistics	0.5%
Purchasing	0.5%
Other business function	10.7%

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

### Recruitment into Teaching

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 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 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.

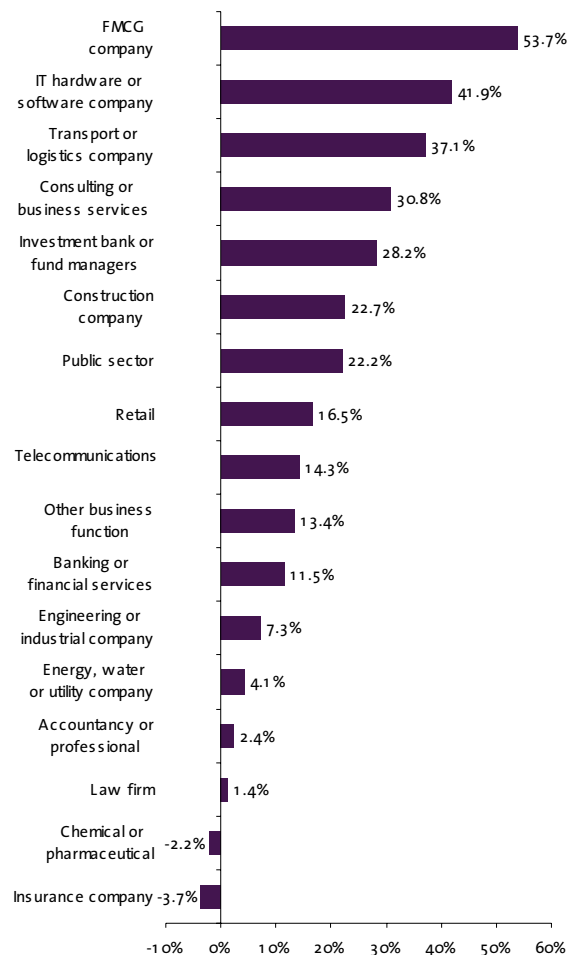
Details of teachers' pay can be found at:  
[www.teachernet.gov.uk/management/payandperformance/pay/](http://www.teachernet.gov.uk/management/payandperformance/pay/)

## Changes in Graduate Vacancies in 2008

### Changes in Vacancies by Business Sector

Moving from actual to predicted vacancy levels, we begin by analysing next year's expected changes in graduate vacancies by sector, depicted in Chart 2.6. All industries, with the exception of chemical or pharmaceutical and insurance companies, are anticipating growth in recruitment in 2008. FMCG, IT or telecommunications, and transport or logistics companies are the most optimistic.

Chart 2.6 - Expected change in vacancies in 2008, by sector



Please note: This percentage change can not be used as an indicator of changes in absolute numbers of vacancies. The Motor Manufacturer and Oil Company categories have been omitted from this figure because of insufficient data producing misleading results.

Source: *trendence Institute*

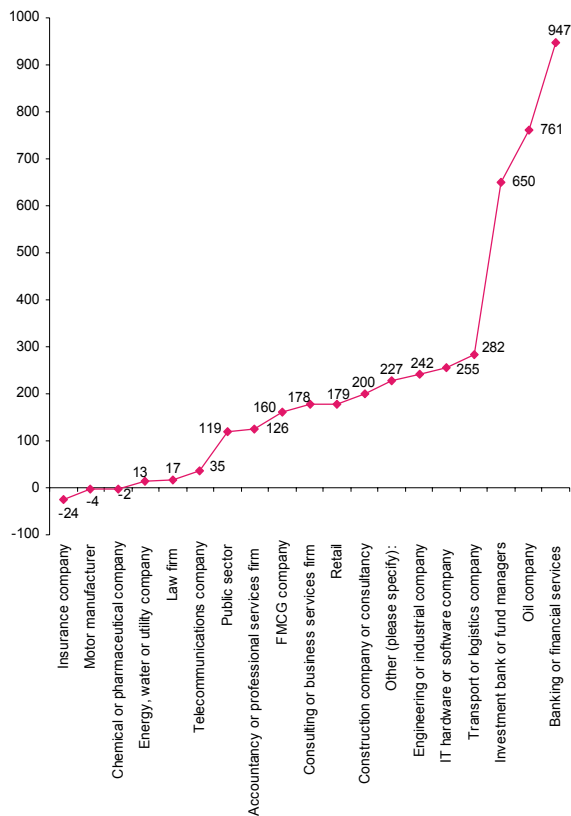
Please take note of the fact that many of these figures are to be viewed with caution, coming as they do from relatively small absolute bases.

Thus the seemingly startling predicted increase in recruitment reported by FMCG companies (53.7%) must be seen in this context.

The 30.8% increase in graduate vacancies looked forward to in 2008 by consulting or business services firms, however, can be regarded as more significant, particularly in view of the much more modest prediction made for 2007 in last year's Winter Review.

Predicted changes in vacancies by absolute numbers are represented in Chart 2.7, which shows that banking or financial services, the sector responsible for the largest proportion of vacancies at AGR members in 2007, is anticipating a healthy increase in recruitment. Investment banks and fund managers, as in 2007, are also doing well.

**Chart 2.7 - AGR employer's expected change in vacancies in absolute numbers (2008)**



Source: *trendence Institute*

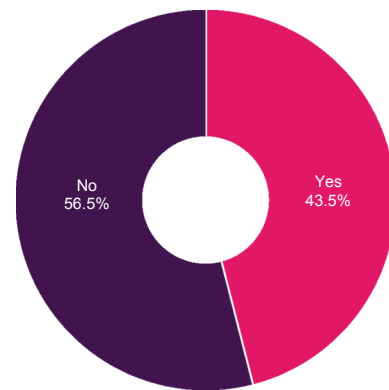
## Recruitment Shortfalls in 2007 and Challenges for 2008

Chart 2.8 demonstrates that the recruitment market situation for AGR members is somewhat improved compared to that reported in the 2007 Winter Review. Then, a majority of participants had experienced a shortfall in the last recruitment season; in 2007,

however, a minority – albeit substantial (43.5%) – have faced this difficulty.

We are not yet, nevertheless, at 2005 levels – here, fewer than one-third of respondents reported recruitment shortfall, which indicates that recruiting an appropriately qualified and skilled graduate workforce remains a challenge for many employers.

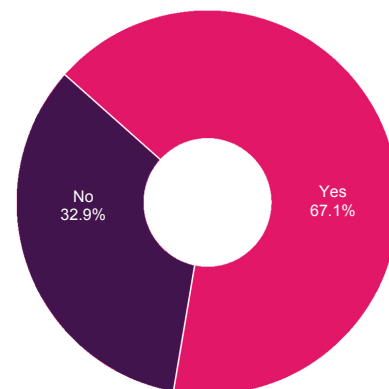
**Chart 2.8 - Proportion of AGR employers who experienced a recruitment shortfall in 2007**



Source: *trendence Institute*

The results presented in Chart 2.9 confirm this impression: more than two-thirds (67.1%) of employers anticipate that 2008 will bring recruiting challenges. This finding represents a notable increase on the 55.4% who indicated concern about future recruitment challenges in last year's Winter Review.

**Chart 2.9 - Proportion of AGR employers who expect recruitment challenges in 2008**



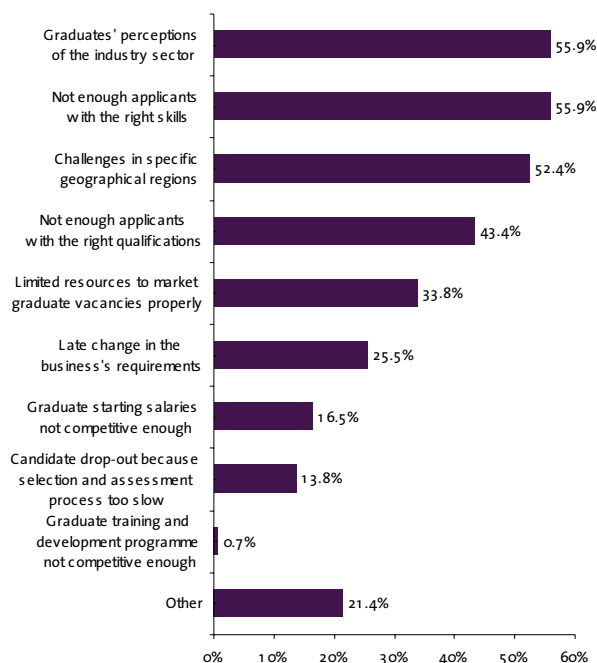
Source: *trendence Institute*

In this context it is also striking that the optimistic prediction made in the 2007 Summer Review, in which over two-thirds (68.7%) of respondents expected to fill all their vacancies in the 2007 season, was not fulfilled. As the findings of this Winter Review presented in Chart 2.8 indicate, this confidence proved to be somewhat misplaced.

This may be one of the reasons for the greater trepidation in evidence when employers look to 2008. As we discuss immediately below, shortfall is not necessarily an issue of a numerical lack of graduates, but more to do with mismatch and misperceptions between graduates and employers.

Joint top of the list of expected recruiting challenges are difficulties with graduates' perceptions of the industry sector and lack of applicants with the right skills, each of which a majority of AGR members anticipates encountering in 2008 (Chart 2.10).

**Chart 2.10 - Expected recruiting challenges by type in 2008**



Source: *trendence Institute*

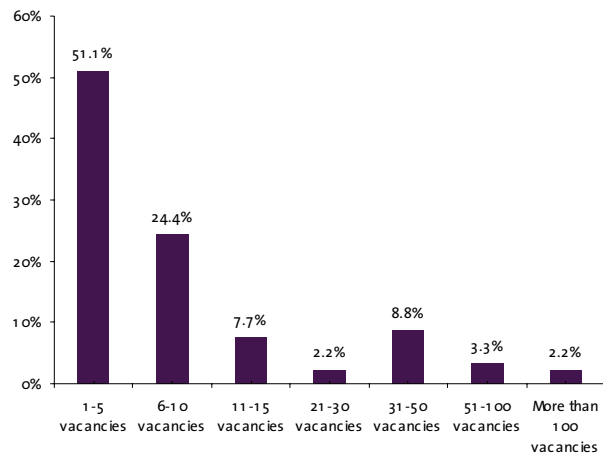
While the lack of applicants with the right skills has shrunk a little in significance compared with the 2007 Winter Review, graduate perception is up on last year.

We should refer readers to the discussion in the 2007 Summer Review on communication between employers and graduates and to AGR employers' perceptions of Generation Y discussed in Chapter 5 of this Winter Review.

Just over half of respondents face challenges in specific geographical regions, an issue which has also become more acute when compared with last year's Winter Review (when 40.6% cited it).

It may be reassuring to know that, as Chart 2.11 illustrates, the majority (51.1%) of AGR members experiencing shortfall in 2007 missed their targets by just 1-5 vacancies, and a further quarter (24.4%) by between 6 and 10. However, average shortfall stood at 14.2 vacancies, a perceptible increase on 2006, when shortfall was 12.3 vacancies per organisation on average.

**Chart 2.11 - Percentage of recruitment shortfall in 2007**



**Average - 14.2 vacancies per company that experienced a recruitment shortfall were left unfilled**

Base: *Percentage of AGR employers*  
Source: *trendence Institute*

This year's highest shortfall was reported in engineering or industrial companies at 67.6%; this sector took second position last year, with four-fifths expecting shortfall (Table 2.12). The sharp increase in the proportion of public sector employers anticipating graduate recruitment difficulties – from one-third in the last Winter Review to 62.5% in this edition – is also notable.

Sectors traditionally popular with graduate jobseekers, such as consulting, investment banking and accountancy, expect to be less affected by shortfall, with only one-tenth of consulting or business services firms concerned about not meeting their recruitment needs.



**Chart 2.12 - Proportion of companies expecting a recruitment shortfall in 2008, by business sector**

Table 2.12 - Proportion of companies expecting a recruitment shortfall in 2008, by business sector	
	%
Engineering or industrial company	67.6%
Public sector	62.5%
FMCG company	61.5%
Retail	57.1%
Construction company or consultancy	44.4%
Energy, water or utility company	36.4%
IT hardware or software company	33.3%
Law firm	30.8%
Banking or financial services	29.4%
Accountancy or professional services firm	23.1%
Investment bank or fund managers	18.2%
Consulting or business services firm	10.0%

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

AGR members recruiting in accountancy and professional services are considerably more optimistic with regard to recruiting challenges in 2008 (23.1% expect shortfall) than they were in the previous season (prior to which 58.3% felt shortfall to be likely).

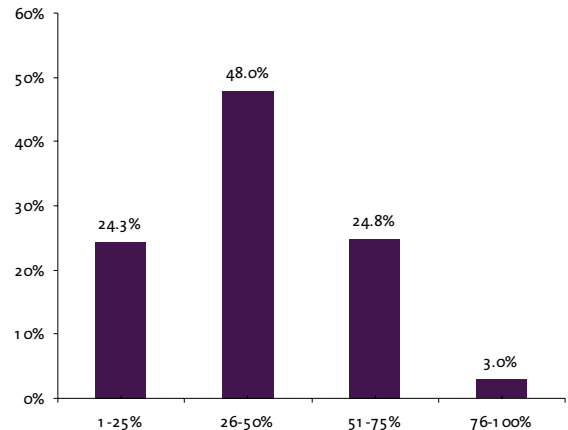
It may be significant that engineering or industrial companies usually require candidates to offer technical degrees whereas sectors that are more confident of filling their vacancies do not.

## Gender, Age and Diversity of Graduate Recruits in 2007

The proportion of females recruited in 2007 fell by 3.5% to 39.1%. That this is well below the proportion of females graduating can be partly explained by the type of careers covered in the surveys and more importantly those not covered i.e. medical and teaching careers. As

Chart 2.13 shows, organisations whose 2007 graduate intake was up to 25% female comprised 24.3% of those surveyed; this is a significant increase on the 17.1% reported in the last Winter Review, but is put into context by the fact that a similar percentage (24.8%) recruited a 2007 intake of which between 51% and 75% was female.

**Chart 2.13 - Percentage of graduate recruited in 2007 who were women**

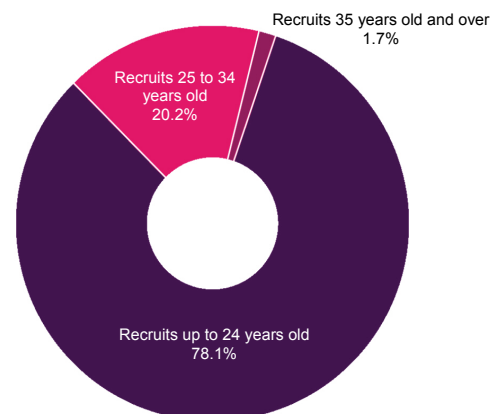


**Average - 39.1% of graduates recruited were women**  
Base: Percentage of AGR employers who provided diversity data.

Source: *trendence Institute*

It is unsurprising, in view of the typical age of graduation in the UK, that over three-quarters (78.1%) of AGR members' 2007 graduate intake were aged 24 years and under (Chart 2.14). Of note, however, is the finding that, compared to the 2006 recruitment season, the proportions of 2007 graduate recruits aged 25 to 34, have declined: 25- to 34-year-olds this year comprised 20.4% of graduate recruits, contrasting with 21.9% in the previous season, however in 2007 1.7% (2006: just 0.8%) of the intake was 35 and over.

**Chart 2.14 - Percentage of graduates recruited in 2007 by age**

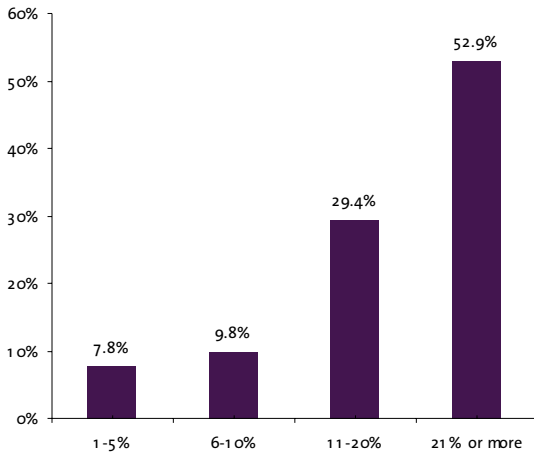


Source: *trendence Institute*

A notable leap in recruitment of graduates from ethnic minority backgrounds among AGR members is in evidence in the 2007 recruitment season, as Chart 2.15 demonstrates.

The 2007 Winter Review recorded that 15.1% of 2006's graduate recruits overall were from ethnic minorities; this year, we can report that that proportion has increased to over a quarter (26.7%). The majority – 52.9% - of AGR employers providing diversity data said that 21% or more of their graduate intake in 2007 were ethnic minorities.

**Chart 2.15 - Percentage of graduates recruited in 2007 who were from ethnic minorities**



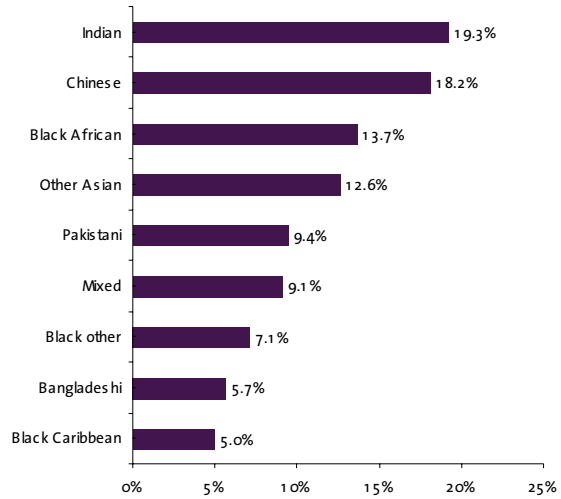
**Average - 26.7% of graduates recruited were from ethnic minorities**

Base: Percentage of AGR employers who provided diversity data.  
Source: *trendence Institute*

Distribution of minority ethnic groups among AGR members' graduate intake is more even than that reported in the last Winter Review. This can lastly be attributed to extensive and effective marketing/targeting by employers to improve their ethnic mix.

Of graduates belonging to ethnic minorities, 19.3% were Indian and 18.3% Chinese. Black African graduates comprised 13.7% of recruits from ethnic minorities, as opposed to 7.7% in the 2006 season (Chart 2.16).

**Chart 2.16 - Breakdown of ethnicity, of minority-ethnic graduates recruited in 2007**



Base: Percentage of AGR employers who provided diversity data.

Source: *trendence Institute*

# 3

## Chapter Graduate Salaries

# Graduate Salaries

## Introduction

This section of *The AGR Graduate Recruitment Survey 2008 – Winter Review* focuses on the salaries that employers are planning to pay new graduate recruits in the 2008 recruitment season, in comparison with the actual salaries they paid to graduates starting in 2007.

In order to identify any differences in graduate salary levels among sectors, business functions or geographical locations, respondents were asked to enter graduate starting salary in terms of a national average as well as on a career area, location and business function basis.

As particularly high or low salaries can distort salary level averages, the Survey uses the 'median' value to compare salary levels. Throughout this section the median value is calculated by taking the 'mid-point' value salary for all the actual vacancies under consideration, rather than the 'midpoint' of the 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. It is sensible to report the upper and lower quartiles only in cases when there are sufficient responses.

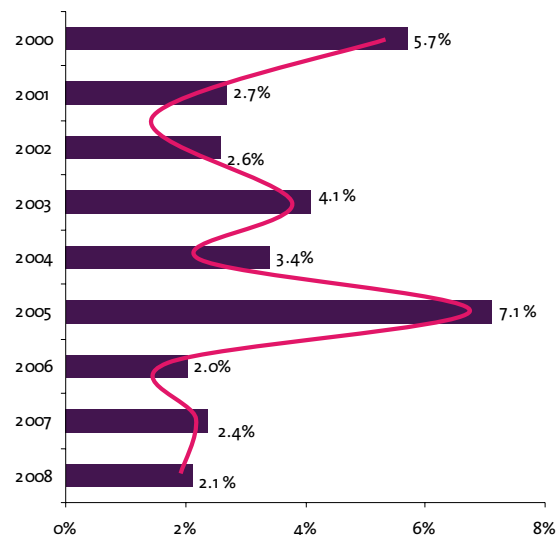
The results shown in this section relate to the actual starting salaries paid in 2007, in comparison with starting salaries likely to be offered in 2008.

**NOTE:** The comparisons of salary levels between 2006 and 2007 are based on the responses of employers who completed both the 2006 and 2007 editions of the AGR Graduate Recruitment Survey. The predicted changes in salary levels between 2007 and 2008 are based on the responses of employers who, in *The AGR Graduate Recruitment Survey 2008*, have provided data for 2007 and 2008.

## Graduate Salaries in 2007 and 2008

The spectacular salary increases of the 1990's would seem to be a thing of the past. The rise in average graduate starting salaries recorded in 2007 is, at 2.4%, consistent with 2006's increase, as is the predicted rise for 2008 of 2.1% (Chart 3.1).

**Chart 3.1 - How median graduate starting salaries at AGR employers have changed in 2000-2008**



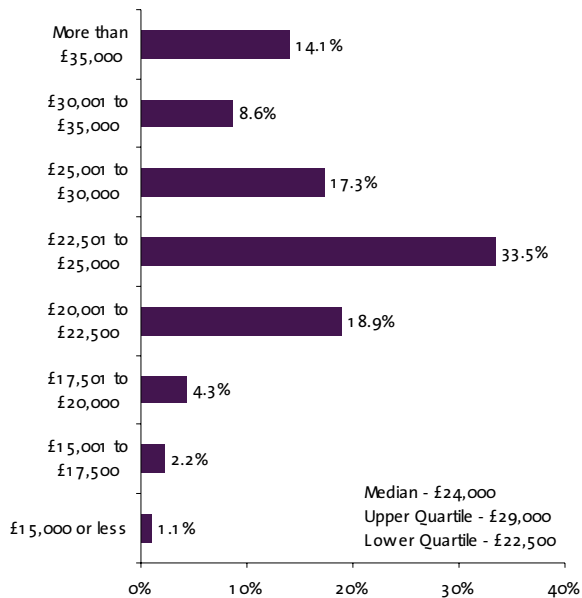
Percentage increase in median starting salary on the previous year  
Source: *trendence Institute*

The median starting salary paid to graduate recruits at AGR employers stood at £23,500 in 2007, and is predicted to increase modestly to £24,000 in 2008. As salary growth remains restrained in spite of burgeoning vacancy levels and increasing shortfall, we might speculate that employers are attracting talent in other ways e.g. in other non-monetary ways.

Chart 3.2 illustrates which brackets starting salaries paid to graduate recruits by AGR members fall into. In a third (33.5%) of cases, these salaries fall into the £22,501 to £25,000 category, reflecting the median starting salary of £24,000.

The brackets immediately above and below this attract the next highest percentages, with 18.9% of roles paying between £20,001 and £22,500, and 17.3% commanding salaries of £25,001 to £30,000. A relatively substantial minority – 14.1% - pay £35,000 and above.

**Chart 3.2 - Graduate starting salaries at AGR employers in 2008**

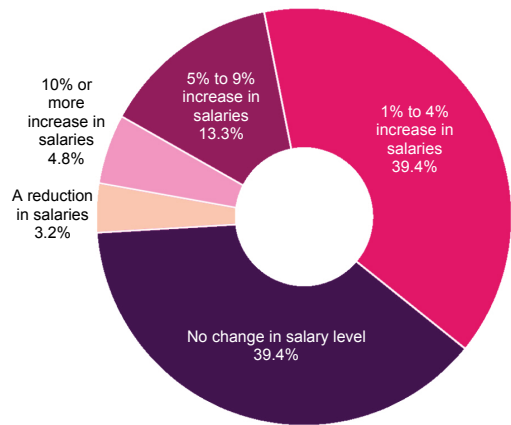


Base: Percentage of AGR employers  
Source: *trendence Institute*

There is an even split between those Survey participants not expecting graduate starting salary levels to change in 2008 and those looking at a 1% to 4% increase, with each group comprising 39.4% of respondents (Chart 3.3).

Approaching one-fifth in total anticipate a higher increase, while a small number actually predict a reduction. Comparing these results to the caution shown in the 2007 Winter Review, which saw a majority of AGR employers predicting no change and just over one-tenth in total expecting a rise of 5% or above, does indeed indicate that next year's intake of graduate recruits will have little to complain about.

**Chart 3.3 - How AGR employers expect their graduate salary levels to change in 2008**



**Median – £24,000**  
Base: Percentage of AGR employers  
Source: *trendence Institute*

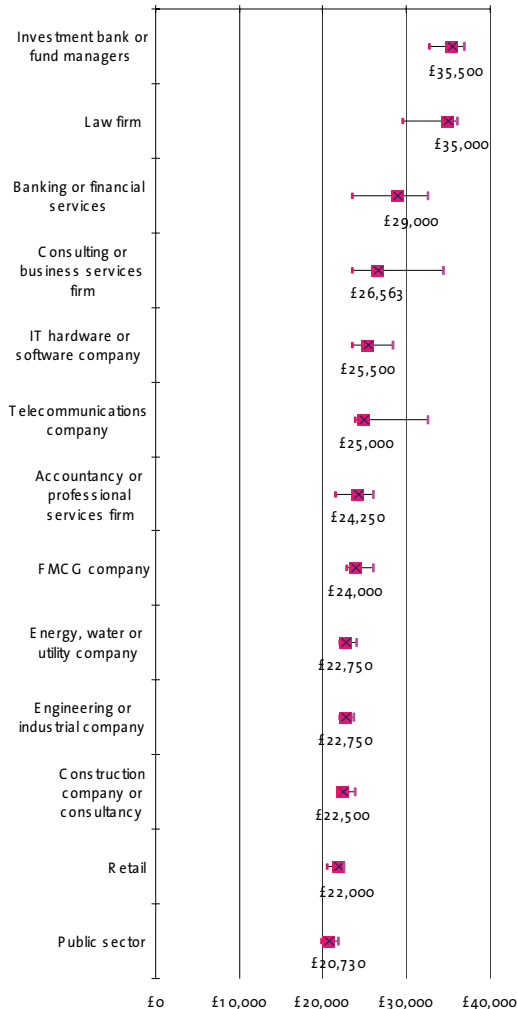
## Profiling Graduate Salaries in 2007 and 2008

### Profile by Business Sector

In terms of median starting salary offered to graduate recruits, investment banks or fund managers and law firms tied for top place in 2007, both paying a median of £35,500 (Chart 3.4).

This is the first time law firms have been in first place albeit jointly. Compared to the figures given in the 2007 Winter Review, these salaries represent a considerable increase for law firms, but actually a slight reduction (from £36,000) for investment banks or fund managers. The banking or financial services sector, meanwhile, has shot up the table, taking third position with a median of £29,000.

**Chart 3.4 - Median starting salaries by type of organisation in 2007**



## Expected Change in Graduate Salaries in 2008

When looking at expected changes to salaries in 2008 by organisation type, detailed in Table 3.5, the telecommunications companies lead the ranks. These AGR members anticipate a 10.7% increase in starting salaries paid to graduate recruits, leaving other sectors – the runners-up are the retail and FMCG industries – visibly behind.

**Chart 3.5 - Expected changes to salaries in 2008, by type of organisation**

Table 3.5 - Expected changes to salaries in 2008, by type of organisation	
Organisation	% change in median starting salaries
Telecommunications company	↑ 10.7%
Retail	↑ 6.5%
FMCG company	↑ 6.0%
Construction company or consultancy	↑ 4.3%
Accountancy or professional services firm	↑ 4.2%
Energy, water or utility company	↑ 4.2%
Consulting or business services firm	↑ 3.6%
Law firm	↑ 2.8%
Public sector	↑ 2.3%
Engineering or industrial company	↑ 1.5%
Investment bank or fund managers	NO CHANGE
IT hardware or software company	NO CHANGE
Banking or financial services	↓ -1.7%

Base: Percentage of AGR employers  
Source: *trendence Institute*

It must, however, be noted that some of these findings are based on relatively small absolute numbers of respondents. In this context it is of interest to note that the banking or financial services sector, a large employer of graduate recruits, expects starting salaries to actually decrease (by 1.7%) in 2008.

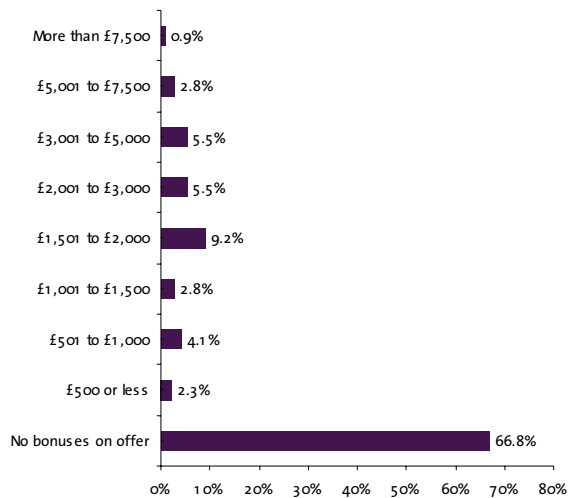
Investment banks and IT companies predict no change. Public-sector AGR employers will be going some way to reversing their salary decline, anticipating a 2.3% increase in starting salaries in 2008.

## Lump-Sum Payments to Graduates in 2008

Many graduate employers attract applicants and reward successful candidates with a lump-sum payment. Among those AGR members intending to offer lump sums to their graduate recruits in 2008 (33.2% altogether), the median expected payment stands at £2,000; once again this is unchanged from the previous year's.

The most popular payment range, as illustrated by Chart 3.6, is £1,501 to £2,000, with 27.8% of respondents within this bracket.

**Chart 3.6 - Predicted lump-sum payment for 2008**

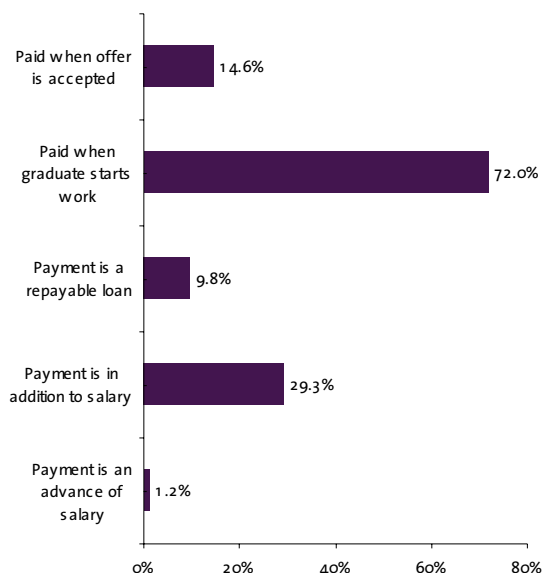


**Median – £2,000**

Base: Percentage of AGR employers who are expecting to pay graduates a cash lump sum in 2008.  
Source: *trendence Institute*

Once again, payment of lump sums when the graduate starts work proves by far the most frequently used method of paying out the bonus; 72.0% of those offering lump sums do this (Chart 3.7).

**Chart 3.7 - How and when cash lump-sums will be paid by AGR employers in 2008**



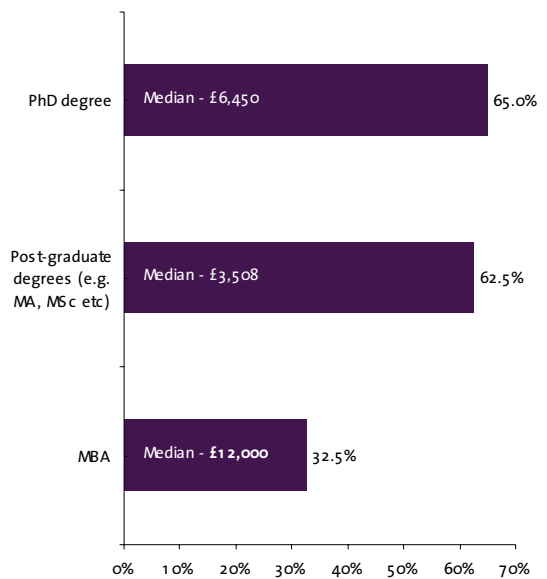
Base: Percentage of AGR employers who are expecting to pay graduates a cash lump sum in 2008. Respondents were allowed to select more than one option.  
Source: *trendence Institute*

A minority of 14.6% pay out when the candidate accepts their offer. Lump sums come over and above salary in 29.3% of organisations, while offering them as a repayable loan is a less frequent practice and paying as an advance of salary is less popular still.

## Education Premiums and Other Remuneration for Graduates in 2008

Chart 3.8 demonstrates which qualifications will attract premiums among AGR graduate employers in 2008 and what levels these premiums reach. Of those Survey respondents offering education premiums to those recruited into graduate level positions, a little under two-thirds each (65.0% and 62.5% respectively) reward PhDs and other postgraduate degrees such as MSc with premiums. By contrast, an MBA is worth a premium to just 32.5% of employers.

**Chart 3.8 - Education premiums that AGR employers expect to pay new graduates in 2008**



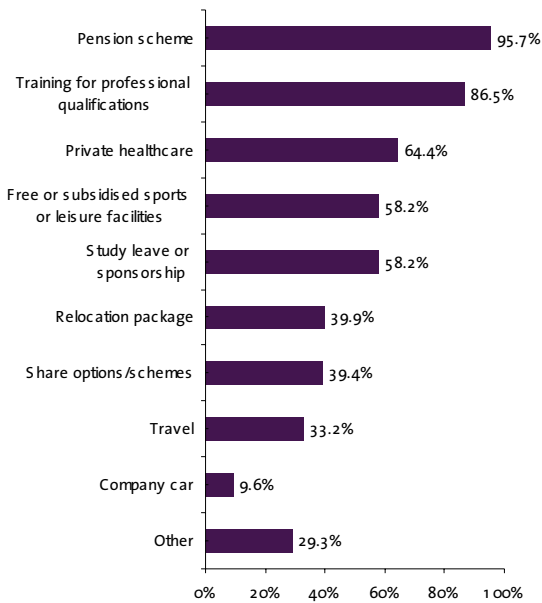
Base: Percentage of AGR employers. Respondents were allowed to select more than one option.  
Source: *trendence Institute*

Median education premiums for a PhD reached £6,540, considerably outstripping those for a postgraduate qualification (£3,508). An MBA, meanwhile, is worth a massive £12,000 to those few AGR employers who reward them with a bonus.

As in the 2007 Winter Review, pension schemes and training for professional qualifications are the most popular non-monetary benefits offered to recruits in 2008.

The pension scheme has even increased in popularity since 2007, with an emphatic 95.7% planning to provide one; likewise, private healthcare is more frequently to be found in benefits packages than last year, with 64.4%, as compared to 56.5% in 2007 (Chart 3.9). The fact that this latter item is predicted this year to outstrip free or subsidised sports or leisure facilities as a frequently offered benefit may be considered indicative of graduates' changing attitudes and concerns (please see also our section on Generation Y in Chapter 5).

**Chart 3.9 - Other benefits that AGR employers expect to offer new graduates in 2008**



Base: Percentage of AGR employers. Respondents were allowed to select more than one option.

Source: *trendence Institute*

The findings supply further indicators of a shift in important issues for new graduates: the company car has decreased in significance as a benefit since the last Winter Review (9.6% anticipate providing one in 2008, as compared to 11.4% in 2007), while the relocation package has become notably more important, expected to be offered by 39.9% in 2008 (and overtaking share options) but just 30.1% in 2007 which might have to do with the earliest finding that geographic mobility is becoming an issue in recruitment (please refer back to Table 2.4).



# 4

Chapter 

Graduate  
Recruitment  
Marketing

# Graduate Recruitment Marketing

## Introduction

In this section we turn the spotlight on to graduate recruitment marketing practices: the size of recruitment marketing budgets, proportionate spend on different marketing activities and approaches, and issues related to the targeting of universities.

Employers were asked to specify their spend in 2007 and 2008 (predicted) 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 more general 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.

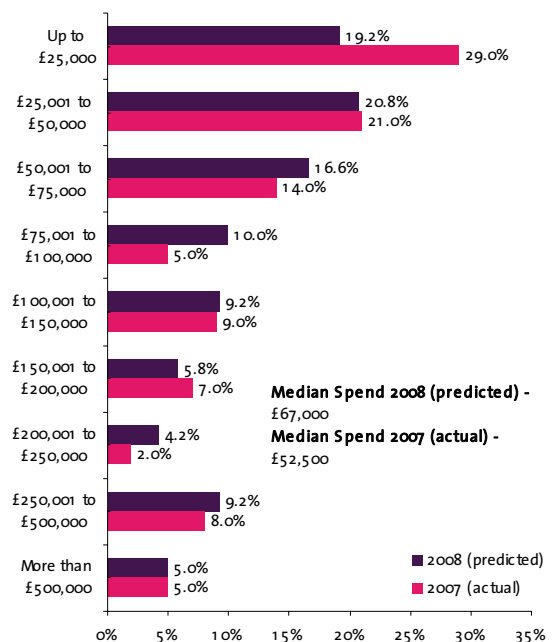
**NOTE:** This chapter uses the 'median' value to compare different spending levels when a sufficient number of employers has provided data. Where this is the case, the median value is calculated by taking the 'mid-point' spend for the employers being considered. For example, when analysing the spend of 15 employers on a particular form of promotion, the median spend is calculated to be the 8<sup>th</sup> highest spend (the mid-point) of the 15 individual budgets. Unfortunately, in several cases the number of employers who have provided data is low, meaning that at times the median did not prove optimal as a benchmarking tool. In these cases a mean value was used instead and this is clearly indicated in the chart. 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 2007 and 2008

AGR employers' prediction, documented in the 2007 Winter Review, that median marketing spend on graduate recruitment would soar to £68,400, was not fulfilled; actual spend for this season stood at just £52,500. If members' forecasts are correct, however, a more buoyant period follows, with anticipated median marketing spend for 2008 reaching £67,000.

As Chart 4.1 illustrates, a slightly more even distribution of size of spend between categories appears in the offering for the 2008 recruitment season. Around a fifth each of respondents are looking at a spend of up to £25,000 and between £25,001 and £50,000 (19.2% and 20.8% respectively), while the £50,001 to £75,000 category is not far behind, cited by 16.6%. By contrast, 2007 saw 29.0% of Survey participants spending up to £25,000, 21.0% £25,001-£50,000, and 14.0% £50,001 to £75,000.

Chart 4.1 - AGR employers total spending on their graduate recruitment marketing in 2007 and 2008 (predicted)



Base: Percentage of AGR employers.  
 Source: *trendence Institute*

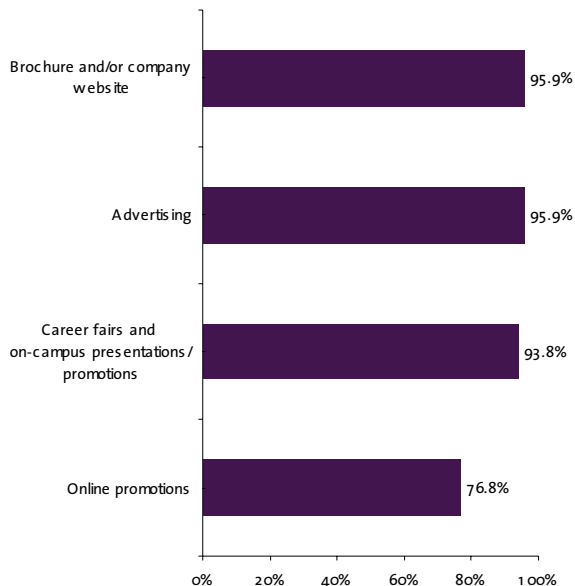
This considerable median spend increase appears indicative of continued competition for the most appropriately qualified and skilled graduates, particularly in view of the relatively large proportion of members expecting recruitment shortfall in 2008 (see Chapter 2). We also suggest at this point that recruitment marketeers may be moving towards targeting their activities more precisely, a theory which seems to be borne out by some of the data we will discuss later.

## Graduate Recruitment Marketing Activities in 2008

As we can see in Chart 4.2, three recruitment marketing activities are almost ubiquitous in the recruitment repertoire of AGR employers: the brochure and/or the company website and advertising are each expected to be employed by almost everyone, and 93.8% will be present at careers fairs and/or on-campus presentations.

This latter activity has increased markedly in popularity since last year, when 86.9% expected to give presentations and/or attend careers fairs. The percentage of those using online promotions – 76.8% - remains unchanged.

**Chart 4.2 - AGR employer's graduate recruitment marketing activities in 2008**

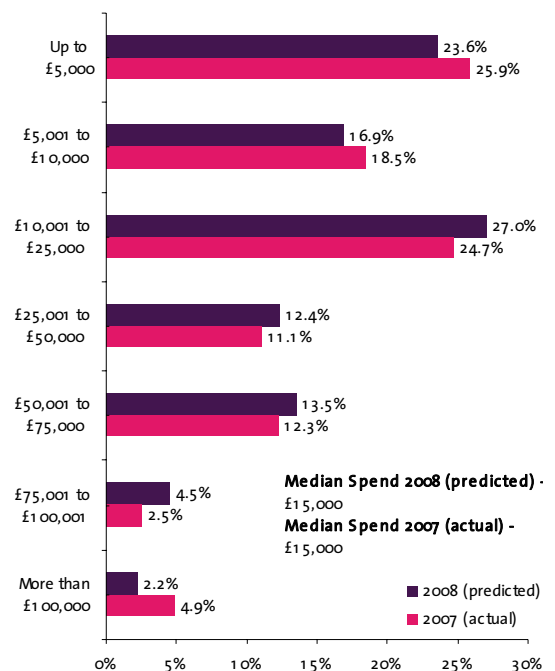


Base: Percentage of AGR employers.  
Source: *trendence Institute*

## Spend on Brochures and Websites

Median spend on graduate recruitment brochures and websites which, as can be seen in Chart 4.3, reached £15,000 in 2007, is set to remain steady in 2008. There will be, if predictions prove correct, some decline in the proportion of employers spending up to £10,000 on their promotional materials, and a modest increase in spends in all but the very highest of categories.

**Chart 4.3 - AGR employers total spending on their graduate recruitment brochures in 2007 and 2008 (predicted)**



Base: Percentage of AGR employers.  
Source: *trendence Institute*

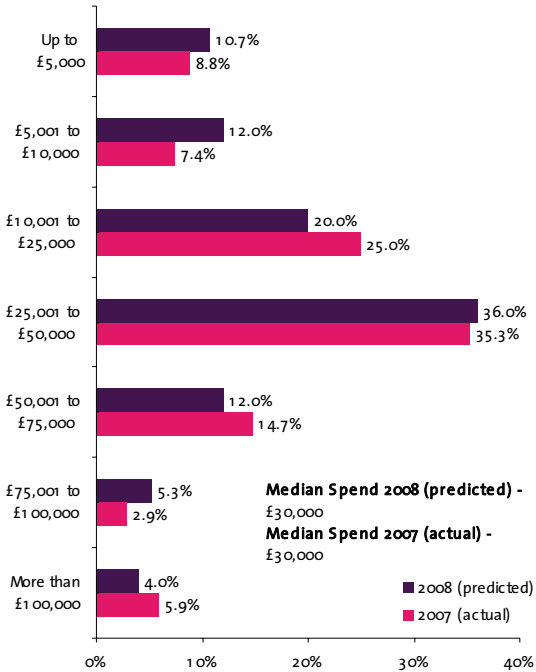
Whereas in 2007, 'up to £5,000' was the most frequently cited spending bracket, with 25.9% paying out in this category for their brochures and websites, this position is expected to be taken in 2008 by the £10,001 to £25,000 category (27.0%).

Viewed in the context of total median spend, these promotional materials continue to be a central item in graduate recruiters' marketing budget.

## Spend on Advertising and Online Promotions

Again, as for brochures and websites, total median spend on graduate recruitment advertising is expected to remain constant in 2008, not rising or falling from 2007's actual levels of £30,000 (Chart 4.4).

**Chart 4.4 - AGR employers total spending on their graduate recruitment advertising in 2007 and 2008 (predicted)**



Base: Percentage of AGR employers.  
Source: *trendence Institute*

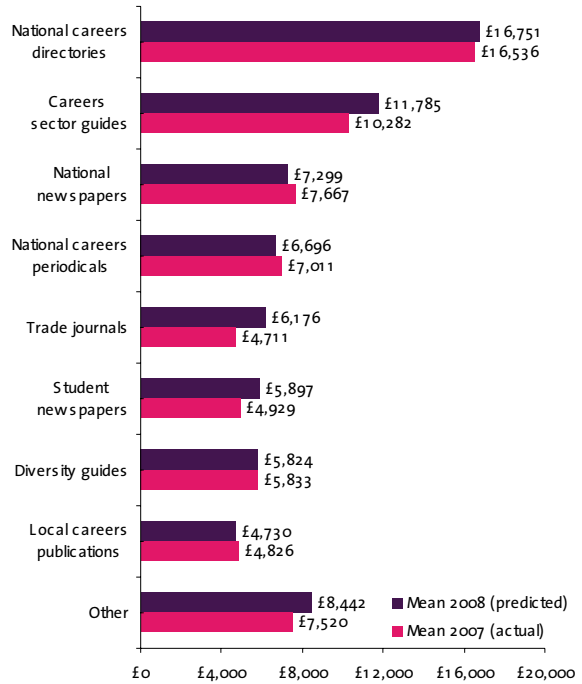
Spends in the two lowest categories, up to £5,000 and £5,001 to £10,000, are predicted to become more frequent in the current recruitment season, with 10.7% and 12.0% of respondents respectively in these brackets, as opposed to under one-tenth in each case (8.8% and 7.4%) in 2007.

The proportion of Survey participants with recruitment advertising budgets of £10,001 to £25,000 is set to decline from a quarter in 2007 to a fifth in 2008.

Chart 4.5 which uses mean averages, shows that national careers directories and careers sector guides remain the most important arenas for recruitment advertising in terms of spend.

National newspapers and national careers periodicals are due to decline slightly in significance in 2008, while careers sector guides, trade journals and student newspapers are anticipated to attract greater advertising spends: we suggest that this could be an indication of more specific targeting of recruitment advertising by AGR employers.

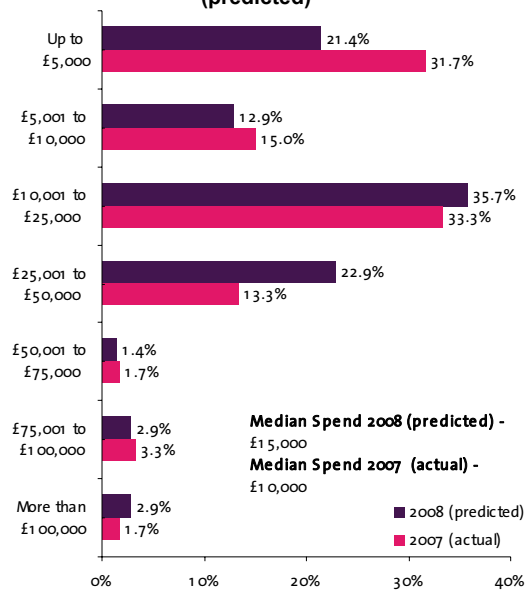
**Chart 4.5 - Recruitment advertising in 2008 (predicted) and 2007 mean spending**



Base: Percentage of AGR employers.  
Source: *trendence Institute*

Although online recruitment promotions are not expected to increase in frequency of use by AGR recruiters (Chart 4.2), Chart 4.6 suggests strongly that their significance as evidenced by typical spend is on the rise.

**Chart 4.6 - AGR employers total spending on their graduate recruitment online promotions in 2007 and 2008 (predicted)**

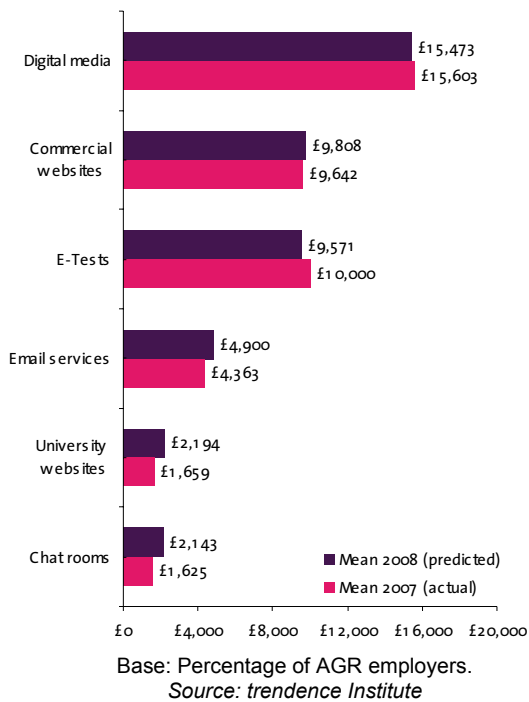


Base: Percentage of AGR employers.  
Source: *trendence Institute*

Median spend on online promotions, which reached £10,000 in 2007, is set to jump to £15,000. While around a third each of budgets for online promotions in 2007 were up to £5,000 (31.7%) and £10,001 to £25,000 (33.3%), 2008 will see a sharp decline in the percentage of spends up to £5,000 (to just 21.4%) and a substantial increase in the percentage of spends worth £25,001-£50,000 (from 13.3% to 22.9%).

Predictions indicate that there will be little change in mean spends on various types of online recruitment promotions (Chart 4.7). Email services, university websites and chat rooms will all attract slightly higher spends. Spend on E-tests, meanwhile, is due to slip below the five-figure mark.

**Chart 4.7 - Recruitment online promotions in 2008 (predicted) and 2007 mean spendings**

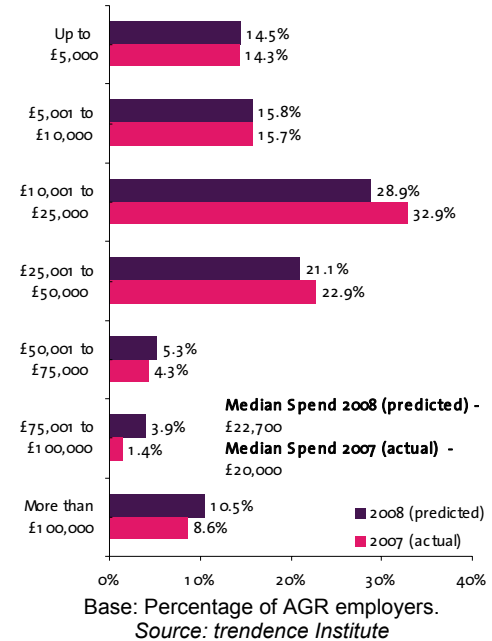


### Spend on Careers Fairs and On-Campus Presentations

In keeping with the rise in the employment of these 'personal contact' events for graduate recruitment marketing (Chart 4.2), median spend on careers fairs and on-campus presentations is predicted to increase, in 2008, by £2,700 (Chart 4.8).

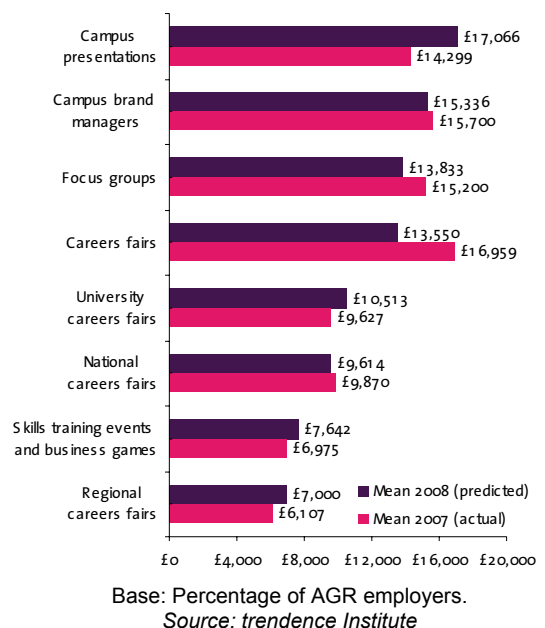
Almost a fifth (19.7% in total, contrasting with 14.3% actual in 2007) are planning events that will cost more than £50,000, while the proportion of spends in the most popular category is set to fall slightly.

**Chart 4.8 - AGR employers total spending on attending graduate recruitment career fairs and on-campus presentations/promotions in 2007 and 2008 (predicted)**



In the context of this overall rise in the significance of, and median spend on, these direct-contact marketing activities, Chart 4.9 provides illuminating detail: mean spend on attendance at careers fairs by AGR employers who use these activities is predicted, in 2008, to decline by a very similar amount to that by which spend on campus presentations is expected to rise.

**Chart 4.9 - Mean spending on graduate recruitment career fairs and on-campus presentations/promotions in 2008 (predicted) and 2007 mean spendings**



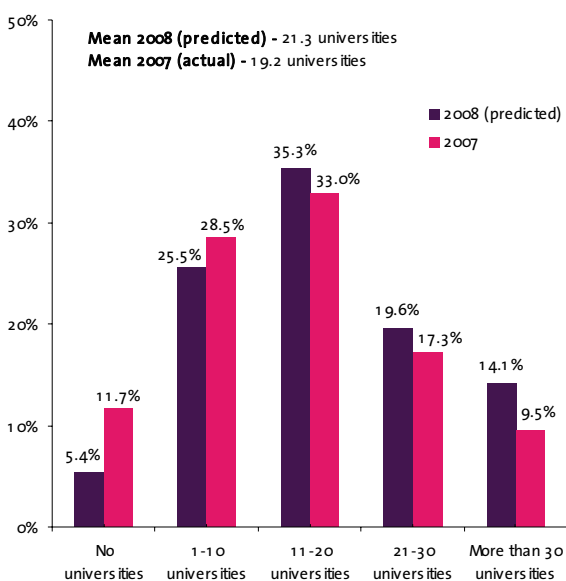
While 2007 saw a mean spend of £16,959 on careers fairs and just £14,299 on presentations, AGR members expect in 2008 to spend only £13,550 on careers fairs – less than on campus brand managers and focus groups – but £17,066 on presentations on-campus.

This result reverses the trend of the previous Winter Review, in which spend on campus presentations was expected to fall noticeably. As careers fairs are generally mass events and it is easier to target presentations to specific sectors of the upcoming graduate population, this fascinating finding seems to confirm our suggestion that graduate recruitment marketing is tending to be more specific. This impression is reinforced by the further detail that spend on careers fairs at specific universities and in particular regions is set to climb slightly.

## Targeting Universities in 2007 and 2008

Continuing the trend of widening reach shown in the last Winter Review, the mean number of universities AGR members target for recruitment marketing activities is predicted to increase to 21.3 from 2007's actual figure of 19.2. Chart 4.10 shows reduced proportions of AGR employers targeting 10 universities or fewer, and modest rises in the percentages of those aiming to reach higher numbers of institutions, with the most marked increase in the category 'more than 30 universities' 14.1% predicted in 2008, 9.5% actual in 2007).

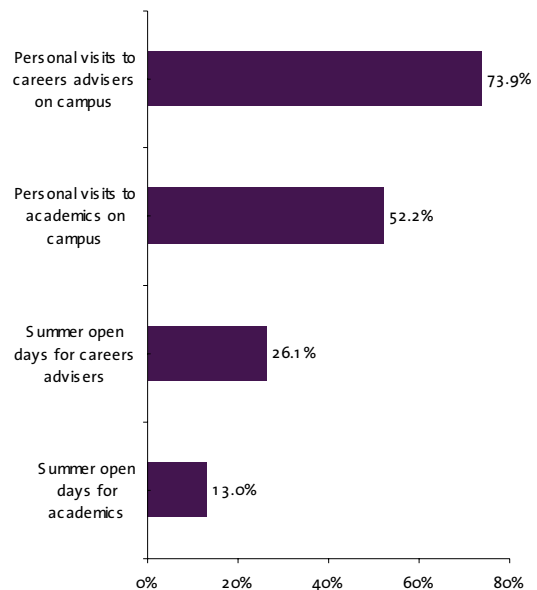
**Chart 4.10 - Number of UK universities targeted for campus events in 2007 and 2008 (predicted)**



Source: *trendence Institute*

The popularity of direct contacts with careers advisers and academic staff as a recruitment marketing method has fallen in 2007. Just under three-quarters (73.9%) of AGR employers conducted personal visits to careers advisers on campus, as opposed to 83.5% in the previous season; visits to academic staff, carried out by three-fifths of respondents in 2006, were undertaken by just over half (52.2%) in 2007 (Chart 4.11).

**Chart 4.11 - Communication methods in 2007**



Source: *trendence Institute*

The summer 'open day' is also less in evidence, with 26.1% of Survey participants organising these for careers advisers in 2007 (2006: 40.6%), and only 13.0% holding them for academics (2006: 24.8%).

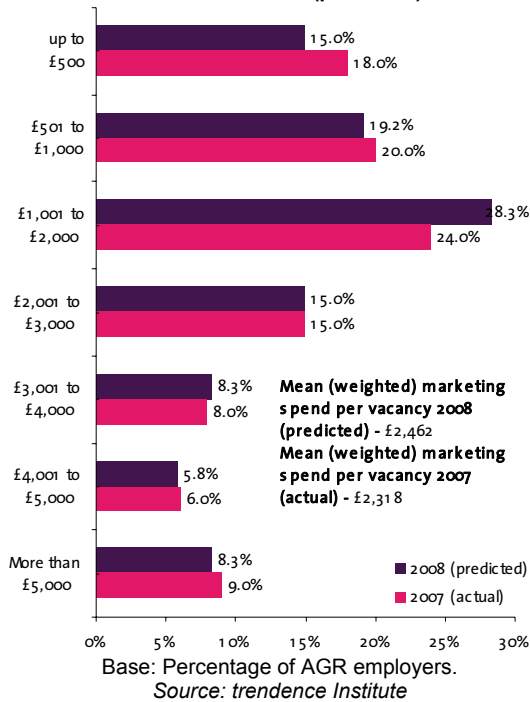
In short, on-campus activities aimed at students are strengthening and those aimed at careers advisers and academics are weakening slightly. This latter trend may in due in to the growth in popularity of off-campus careers days organised by AGR sector focus groups specifically for careers advisers.

## 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'.

Chart 4.12 details spend per vacancy among Survey respondents. In 2007, AGR employers spent a (weighted) mean of £2,318 per vacancy, significantly more than predicted in last year's Winter Review; for 2008, they predict mean spend per vacancy to increase slightly, to £2,462.

**Chart 4.12 - AGR employers marketing spend per vacancy in 2007 and 2008 (predicted)**



Spends of up to £500 per vacancy are set to decline, while the percentage of AGR members paying £1,001 to £2,000 per vacancy for graduate recruitment marketing is expected to rise from 24.0% in 2007 to 28.3% this year.

A series of sectors, including banking or financial services, consulting and insurance, spent a mean of between £2,000 and £3,000 per vacancy in 2007. Whereas 2006 saw six industries with three-figure mean spends per vacancy, only two – telecommunications and accountancy or professional services - fall into this category in 2007 (Chart 4.13).

**Table 4.13 - Mean marketing spend per vacancy in 2007, by business sector**

Business Sector	Mean spend per vacancy
Energy, water or utility company	£3,797
Banking or financial services	£3,760
Consulting or business services firm	£3,646
FMCG company	£3,459
Insurance company	£3,435
Law firm	£2,885
IT hardware or software company	£2,588
Transport or logistics company	£2,059
Retail	£1,833
Chemical or pharmaceutical company	£1,362
Engineering or industrial company	£1,362
Investment bank or fund managers	£1,089
Construction company or consultancy	£1,031
Telecommunications company	£931
Accountancy or professional services firm	£577

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

Investment banks or fund managers plan to significantly increase mean marketing spend, as do telecommunications companies. Law firms and banking or financial services organisations will also be investing markedly more per vacancy in recruitment marketing.

Decline in mean spend per vacancy is expected in insurance, energy and utilities, construction, transport/logistics, and IT, where the decline is due to be steepest (Chart 4.14).

**Table 4.14 - Predicted changes in marketing spend per vacancy in 2008,**

Business Sector	% change in mean marketing spend per
Investment bank or fund managers	↑ 47.4%
Telecommunications company	↑ 26.7%
Law firm	↑ 18.4%
Banking or financial services	↑ 14.4%
Retail	↑ 12.8%
FMCG company	↑ 10.5%
Engineering or industrial company	↑ 9.3%
Chemical or pharmaceutical company	↑ 6.8%
Insurance company	↓ -4.0%
Energy, water or utility company	↓ -20.1%
Construction company or consultancy	↓ -21.7%
Transport or logistics company	↓ -22.8%
IT hardware or software company	↓ -31.6%

Please note: Industries with insufficient data have been omitted.

# 5

Chapter 

Hot Topics  
in Graduate  
Recruitment



# Hot Topics in Graduate Recruitment

## Introduction

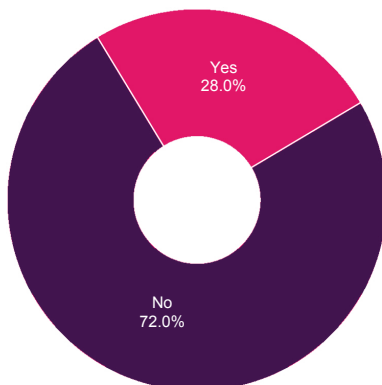
This final chapter of the Winter Review addresses a series of hot topics in graduate recruitment.

In addition to the question on the existence of, or plans for, school-leaver entry programmes among AGR members, this year's Review revisits the issue of the Age Discrimination Act 2006 and assesses its impact on AGR employers' graduate recruitment practices. Further, against the background of an ever more globalised world of work, we look into the extent to which AGR employer's market UK vacancies overseas and why they do this. We close the Review with an impression of our members' interaction with and view of graduates from Generation Y. 'Flexible' and 'ethically aware', or 'self-centered', 'fickle' and 'greedy' – or both?

## School-Leaver Entry Programmes

As we were also able to observe in the 2007 Winter Review, the significance of school-leaver entry programmes, while remaining relatively low, is gradually creeping up among AGR employers. The proportion of Survey respondents offering these has risen from 22.1% in the 2006 Winter Review, via 24.7% last year, to 28.0% this (Chart 5.1).

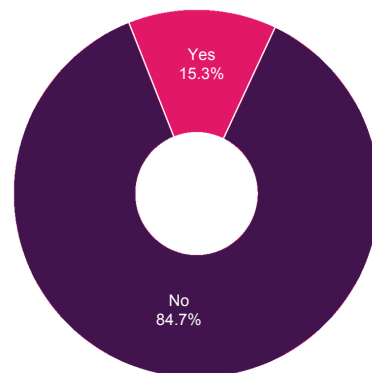
**Chart 5.1 - We operate a school-leaver entry programme (16 to 18 years)**



Base: Percentage of AGR employers.  
Source: *trendence Institute*

As Chart 5.2 illustrates, the percentage of AGR employers at which such a programme is under discussion remains small, with just 15.2% considering introducing one. This represents a very slight increase on last year's figure of 13.6%.

**Chart 5.2 - We are considering operating a school-leaver entry programme (16 to 18 years)**



Base: AGR employers who do not operate a school-leaver programme at the moment.  
Source: *trendence Institute*

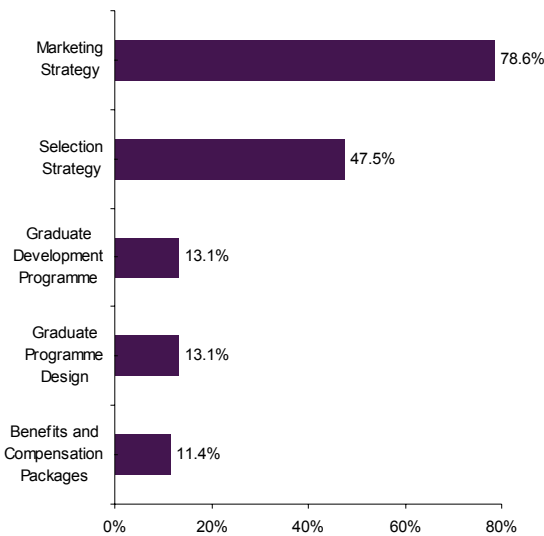
## Age Discrimination Act 2007

In last year's Winter Review, we focused on the then recently introduced Age Discrimination Act to find out how the legislation was impacting on graduate recruitment practices. An overwhelming 99.4% of participants reported that their recruitment strategy was fully in line with the Act. One year on, we revisit this issue, investigating the extent to which the Act has inspired or necessitated changes to areas of graduate recruitment and recruitment marketing activities among our members.

Chart 5.3 looks at specific issues and their interaction with the Act. A substantial majority (78.6%) indicate that the legislation has had a direct impact on their graduate recruitment marketing strategy.

All other effects are reported by a minority of respondents, although in the case of impact on selection strategy that minority is very sizeable (47.5%). Graduate development programmes and the design of graduate programmes in general were affected in 13.1% each of organisations, while a direct impact on benefits and compensation packages is recorded by just 11.4% of participants.

**Chart 5.3 - Impact of the Age Discrimination Act.**



Base: Percentage of AGR employers.  
Source: *trendence Institute*

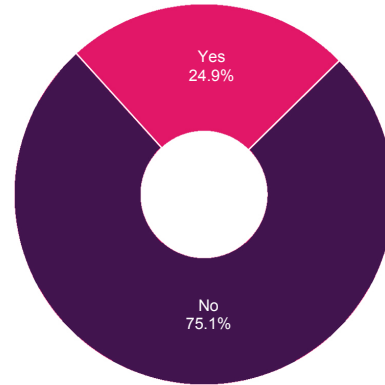
In the context of our findings in Chapter 2, these figures indicate a heightened sensitivity among AGR employers for issues relating to the Act.

## Recruiting for UK Vacancies Overseas

With the continued advance of globalisation, and claims (investigated in the 2007 Summer Review) that UK graduates and employers are often 'speaking in different languages', it would not be surprising if the extension of the talent search for UK vacancies to the wider world were not an issue for at least some graduate employers.

Nevertheless, active marketing of UK graduate vacancies to overseas audiences is now undertaken by a quarter of organisations (Chart 5.4).

**Chart 5.4 - Do you actively market UK vacancies overseas?**



Source: *trendence Institute*

Of those employers who recruit for UK vacancies abroad, an emphatic majority (70.6%) recruit globally (as Chart 5.5 demonstrates – please note that this chart refers only to those AGR employers who do actively market UK vacancies overseas).

**Chart 5.5 - Do you limit UK vacancy marketing to Europe?**



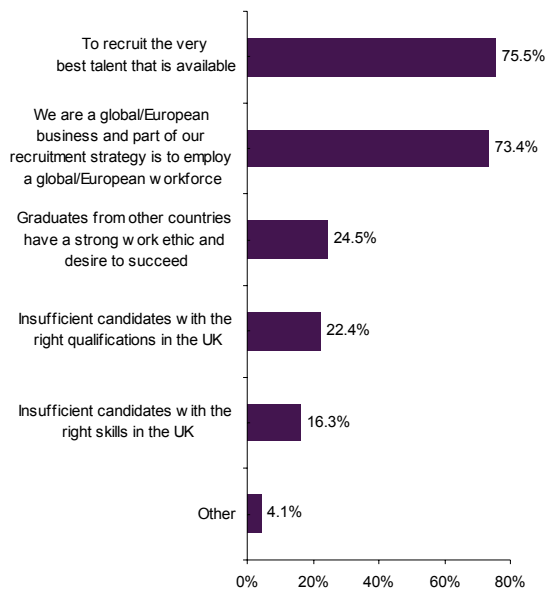
Base: AGR employers who actively market UK vacancies overseas.

Source: *trendence Institute*

Recruiting for UK vacancies overseas is about capturing the 'very best talent available' for three-quarters (75.5%) of those AGR members who do it, while a similar percentage (73.4%) see themselves as global (or European) organisations which a global (or European) workforce benefits.

Other reasons for marketing UK vacancies overseas, as Chart 5.6 shows, are less popular. A quarter (24.5%) praise the 'strong work ethic and desire to succeed' of overseas graduates, presumably as opposed to those from the UK; this impression might be confirmed by the 22.4% of respondents who bemoan a lack of UK candidates with the right qualifications, and the 16.3% who cannot find enough UK graduates with the right skills (Chart 5.6).

**Chart 5.6 - Which of the following reasons apply for recruiting overseas?**



Base: AGR employers who recruit globally.  
Source: *trendence Institute*

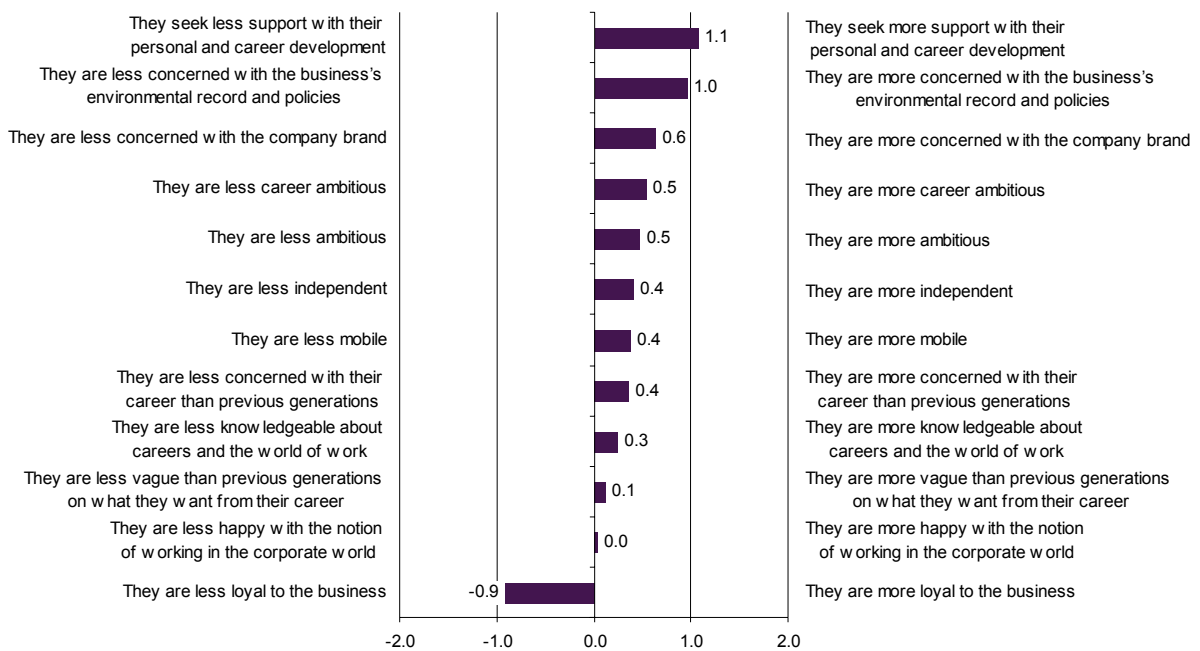
## Generation Y

Generation Y, is the group of young people born (for our purposes) in or after 1982 which has been described as 'much in demand' due to 'demographic changes and the global hunt for top talent' (Source: *Graduate Recruitment Bureau*, [http://www.grb.uk.com/448.0.html?&tx\\_ttnews%5Btt\\_news%5D=970&tx\\_ttnews%5Buid%5D=970&cHash=c57ba95a81](http://www.grb.uk.com/448.0.html?&tx_ttnews%5Btt_news%5D=970&tx_ttnews%5Buid%5D=970&cHash=c57ba95a81)).

Whether or not the claim that they are 'divas at work who expect everything to fall into their laps' is justified (Mary Braid in *ibid.*), they are a generation no graduate recruiter can afford to ignore. In this Winter Review, we asked employers about their impression of Generation Y graduates, presenting them with a series of opposing statements to which they were asked to indicate the extent of their agreement.

Chart 5.7 below, shows the findings. A bar to the right, and a positive index score, indicates agreement with the option on the right-hand side of the chart, while a bar to the left, and a negative index score, signifies agreement with the option on the left-hand side.

**Chart 5.7 – Which of the following behaviours have you noticed in Generation Y graduates?**



Source: *trendence Institute*

The dominant impression AGR members have of Generation Y, going by the results in Chart 5.7, is of a group of graduates who take their personal and career development seriously and engage critically with the organisation they intend to work for. The most emphatic levels of agreement are to be found with regard to the statements '[Generation Y graduates] seek more support with their personal and career development', 'They are more concerned with the business's environmental record and policies', and 'They are more concerned with the company brand'. Increased ambition and knowledge about careers are also in evidence among Generation Y, as is a degree of heightened independence and mobility.

The increased popularity among AGR recruiters of non-monetary incentives such as relocation packages and pension schemes, which are increasingly outstripping 'trappings' such as leisure facilities and company cars, might be viewed in the light of Generation Y's changed focus in comparison to previous generations.

A particularly striking finding is the definite assessment AGR members make that Generation Y graduates tend to be 'less loyal to the business' that employs them. Clearly increased mobility and discernment with regard to employers have their potential downsides: this finding is an indicator of new challenges in retention that may be arising as Generation Y comes to dominate the graduate workforce.

In the light of these results, it will come as no surprise that when asked to 'think of three adjectives which sum up Generation Y in [their] experience', Survey participants consistently came up with 'ambitious' and 'demanding' most frequently. 'Confident' also featured often, as did 'flexible', 'tech-savvy', and 'environmentally' or 'ethically' 'conscious' or 'aware'.

On the more negative side, several employers consider Generation Y graduates to be 'unrealistic', presumably referring to their expectations of working for their organisations. 'Self-centered', 'fickle' and 'greedy' are further notable observations (or complaints).

### 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 European Student Barometer and the Baromètre Etudiants (France).