

January 2002 Graduate Salaries & Vacancies Annual Review

This report has been prepared for AGR by:

Linda Barber and Jo Regan
The Institute for Employment Studies
Mantell Building
Falmer, Brighton BN1 9RF

© AGR 2002
All Rights Reserved

agr

the collective voice of graduate recruiters

AGR, established in 1968, consists of organisations which recruit and employ graduates or which offer services in connection with graduate recruitment. We represent those providing a high proportion of graduate vacancies in the UK and we are increasingly involved with research in and around recruitment needs of employers.

Mission Statement

‘To support employers in all aspects of the recruitment of graduates to meet their current and future business needs.’

Objectives

AGR will achieve its mission by:

- providing expertise, information and advice to enhance employers’ effectiveness in recruiting graduates
- providing a forum for discussion by employers, of issues relevant to graduate recruitment
- promoting and disseminating best practice in all aspects of graduate recruitment and the transition from education to employment
- encouraging, supporting and initiating research into education, career choice and employment
- representing the views of employers to policy makers, careers services and other practitioners, the media and the general public
- providing informed choice and guidance about graduate recruitment to all concerned
- working with education generally and higher education in particular on relevant matters.

The Institute for Employment Studies (IES), is an independent, apolitical, international centre of research and consultancy in human resource issues. It works closely with employers in the manufacturing, service and public sectors, government departments, agencies, professional and employee bodies, and foundations. For over 30 years the Institute has been a focus of knowledge and practical experience in employment and training policy, the operation of labour markets and human resource planning and development. IES is a not-for-profit organisation which has a multidisciplinary staff of over 50. IES expertise is available to all organisations through research, consultancy, publications and the Internet.

IES aims to help bring about sustainable improvements in employment policy and human resource management. IES achieves this by increasing the understanding and improving the practice of key decision makers in policy bodies and employing organisations.

AGR

The Innovation Centre
Warwick Technology Park
Gallows Hill
Warwick CV34 6UW
Tel: 01926 623236
Fax: 01926 623237
E-mail: info@agr.org.uk
Website: www.agr.org.uk

Contents

Executive Summary	1
1 Introduction	5
1.1 Sample	6
2 Starting Salaries	7
2.1 London Weighting Allowance	7
2.2 Salaries	7
2.3 Salary growth	10
2.4 Salaries by career areas	12
3 Vacancies	13
3.1 Vacancies	13
3.2 Shortfall	14
3.3 Deferments	14
4 Selection and Recruitment	16
5 Retention and Salary Progression	18
5.1 Retention	18
5.2 Salary progression	19
6 Incentives	21
7 Sponsorship and Work Experience	23
7.1 Sponsorship	23
7.2 Paid work experience	24
7.3 Unpaid Work Experience	25
8 Graduate Skills	26
8.1 Importance and adequacy of skills	26
8.2 Skills mismatch	27
Appendix A: Survey Respondents	29
Appendix B: Questionnaire	35

Executive Summary

This latest Graduate Salaries and Vacancies Annual Review, produced by the Institute for Employment Studies (IES), continues to provide AGR members with valuable **key benchmark data**. The current economic climate has resulted in increasing uncertainty over employment prospects in a volatile market place and this is reflected in the findings reported. This survey asked for data for three recruitment years – from 1999/2000 to 2001/2002. The key findings are based upon 178 responses and continue to be presented according to main business activity (industry), and sector.

The key survey findings are as follows:

Starting salaries

- In 2000/2001, typical starting salaries for new first degree graduates ranged from £14,300 to £35,000 with a median salary of £19,000 – slightly higher than the figures predicted by AGR members in the July 2001 Half-Yearly Review, conducted six months previously (where the median had been predicted as £18,600).
- Salaries for 2001/2002 are predicted to range from £14,500 to £35,000, with a median salary of £20,000.
- At the lower and upper end of the salary ranges anticipated for 2001/2002, ten per cent of employers predict a starting salary of less than £17,000 – at the other extreme, ten per cent predict a starting salary of at least £27,000.

Salary growth

- Between 1999/2000 and 2000/2001, salaries typically rose by 5.1 per cent, which equates to a median figure of £1,000. Legal firms showed the greatest increase over the year, with median increases of 12.3 per cent. Lowest salary increases were noted in Retail, Hotels and Catering at 2.9 per cent growth. All other industries reported salary growths of between 3.0 and 5.5 per cent.
- All predicted salary increases (in percentage terms) for this current year are lower than the previous year, suggesting that employers are being more cautious with forthcoming salary increases. The median predicted salary increase is 3.2 per cent.
- Those anticipating slower growth are mostly from Banking and Finance, who predict a growth at 3.2 per cent, compared with their actual growth of 5.9 per cent the previous year. Electronic and Electrical Engineering also anticipate a lower growth of 2.6 per cent (compared with actual growth of 5.2 per cent in the previous year). Other Business Services reported similar figures, with a predicted growth of 2.7 per cent compared with actual growth in the previous year of 5.3 per cent.
- All industries predict salary growths of at least the inflation rate, but most are lower than the Average Earnings Index (ranging from 2.6 to 4.4 per cent). Only Legal Services anticipate increases (at 11.6 per cent) higher than the growth in average earnings.

Vacancies

- Members predict an overall decrease of some four per cent in vacancies (for the recruitment year 2001/2002).
- The decrease in Electronic and Electrical Engineering (including Telecoms) was particularly evident and reflects the recent turbulence these industries have suffered, with vacancies predicted to fall by 56 per cent. Smaller decreases were expected in the industries of Other Manufacturing (17 per cent), and Other Business Services (ten per cent).
- However, some industries predict a growth, with the highest expected within Retail, Hotels and Catering, and Energy and Water/Chemical and Allied, with anticipated increases of 20 per cent and 18 per cent respectively.

Shortfall

- Forty-three per cent of AGR members reported a shortfall for the recruitment year 2000/2001. The median number of unfilled vacancies was five places.
- The proportion of employers reporting a shortfall varied by industry, from a high of 69 per cent of those in Energy and Water/Chemical and Allied, to a low of 15 per cent for those in Legal Services.

Deferments

- The total number of deferments was 509 places across 47 employers. The majority had deferred only one or two places, with just a handful of employers deferring large numbers.
- When compared with the total number of vacancies on offer for the year 2000/2001 for *all* respondents (a total of 12,542 vacancies), the effect of 509 deferments accounts for only four per cent of the total vacancies.

Volume of applications

- Electronic and Electrical Engineering (including Telecoms) and Other Business Services attracted only half as many applications per filled vacancy than at the same time a year ago (66.2 last year compared with the current 33.3), suggesting that graduates may have been deterred somewhat by the uncertainty of the industry.
- Other industries attracted proportionally more applications than last year, notably Other Business Services (30.0 last year compared with current 58.8), and Retail, Hotels and Catering (27.4 last year compared with the current 43.5), perhaps because they are seen as being more stable employment sectors.
- Public Services, traditionally seen as being amongst the most reliable employers during recessions, attracted ten applications per vacancy 18 months ago, which more than doubled to 22.5 applications per vacancy 12 months ago. Data in this survey suggests that applications to Public Service employers are still increasing, with a current applications ratio of 25.5 per vacancy.

Retention

- One in three AGR members (33 per cent) felt that their retention rate had improved, 59 per cent felt it was the same, and the remaining eight per cent felt it had deteriorated.
- Reasons for improved retention included: enhancements to training schemes/making training schemes more structured; improvements to career development opportunities/opportunities for progression; increases in salaries and benefits packages; greater awareness of retention issues; and external causes/market conditions.

Salary Progression

- Graduates with five years of service (the 1995/1996 intake) typically earn around £10,000 more than those with just one year of service.
- There were considerable differences in salary progression by sector, with substantial growth in salaries in the Financial and Legal sector, where the typical salary for graduates has reportedly more than doubled over a five year period.

Incentives

- Pensions remain the most common financial incentive, followed by performance related bonuses and private healthcare.
- On-going professional development remains the most popular non-financial incentive, followed by mentoring.

Sponsorship

- Sponsorship was offered by one in three AGR members. Weekly payments ranged from £5 to £500, with a median figure of £88.
- Pay levels were highest for the Manufacturing/Production/Industrial sector at £188, and were lower for the Financial and Legal sector at £98, and lowest for the Services sector at £40.

Work Experience

- Paid work experience opportunities were offered by almost two out of three AGR members (64 per cent). Weekly payments ranged from £45 to £700, with a median of £250.
- Unpaid work experience was offered by just 20 per cent of AGR members. The length of unpaid work experience was most likely to be one or two weeks, with only a handful of employers offering longer placements.

Graduate Skills

- The most important graduate skills or personal qualities were thought to be: motivation and enthusiasm; team working; oral communication; flexibility and adaptability; and initiative/proactivity.

- These skills showed surprisingly little variation by sector, reflecting that highly valued skills such as motivation, enthusiasm, team working and oral communication are vital to all employers, regardless of sector.
- Of the 18 skills assessed, only foreign languages and General IT/computer literacy had mean scores where the supply exceeded the importance, that is, where the supply was seen as being more than adequate in relation to its importance.
- The remaining 16 skills all had mean scores where the importance was not matched by an adequate supply. The largest skills shortages were noticeable for: interpersonal skills; initiative/proactivity; and managing own development; business awareness; oral communication; and problem solving. Given that interpersonal skills, initiative/proactivity and oral communication were ranked within the top five most important skills, there seems to be a real business need for graduates to possess these prior to entering the labour market.

1 Introduction

The Institute for Employment Studies (IES) has conducted the biannual Graduate Salaries and Vacancies survey for the Association of Graduate Recruiters (AGR) since 1985, and continues to provide **benchmark data** for the benefit of AGR members. As with previous surveys, statistics will be presented, where possible at sub-group level, according to the organisation's main business activity (industry) which members disclosed when completing the survey questionnaire. To protect confidentiality it has been necessary to combine some responding organisations (those who are few in number yet sharing similar salary characteristics) with others to form a larger group. Where numbers are too small to allow meaningful comparison, data will be presented at the more aggregated level of sector.

The following three sectors indicate the main business activity of the **178 respondents**. A list of those members who were willing to be identified may be found in Appendix A. Due to the lower than anticipated response rate this year, representations of some industries are very small, and **because of the small numbers, caution should be taken when interpreting data at the industry level.**

Sector 1 – Financial and Legal	(total number = 54)
■ Banking and Finance	(N = 22)
■ Insurance and Accountancy	(N = 17)
■ Legal Services	(N = 15)
Sector 2 – Services (excluding financial and legal)	(total number = 58)
■ Retail, and Hotels and Catering	(N = 14)
■ Other Business Services (inc. Software/IT,	
■ Consultancy and Publication Services, Transport and Communications) ¹	(N = 33)
■ Public Services	(N = 11)
Sector 3 – Manufacturing, Production and Industrial	(total number = 66)
■ Energy and Water industries/Chemical and Allied	(N = 14)
■ Engineering and Construction	(N = 19)
■ Electronic and Electrical Engineering (inc. telecommunications) ²	(N = 10)
■ Other Manufacturing, including Food, Drink and Tobacco ³	(N = 23)

Just six responses were received from Insurance firms so as with the previous survey, their responses were combined with those from Accountancy to form a more reliable group. Food, Drink and Tobacco, another traditionally small group, have again been combined with Other

¹ Henceforth known as Other Business Services

² Henceforth known as Electronic and Electrical Engineering

³ Henceforth known as Other Manufacturing

Manufacturing. For the first time, responses from the Chemical and Allied industry (**only five**) were too few to report on without betraying confidentiality of the data; consequently, these were combined with those from the Water and Energy industry, since their salary profiles were almost identical. As with previous years, Engineering and Construction have been combined, and Transport and Communications has been included within Other Business Services.

1.1 Sample

In early September 2001, 387 questionnaires were mailed out to AGR members (a copy of the questionnaire can be found in Appendix B). Two reminder letters were sent out, one at the end of September and the other mid-October. In addition, at the end of October, those who had still not responded were contacted by the AGR to encourage them to return their questionnaires. The final response rate of 47 per cent (178 useable returns) was disappointing, despite allowing an extra three weeks in the field.

A number of reasons have been put forward to suggest why the response rate has fallen. Firstly, there has been a noticeable change in the contact person within many of the organisations; this may have led to a breakdown in understanding and/or a reduction in the competence of the individual to complete the questionnaire. Secondly, there is a degree of uncertainty in the graduate recruitment market, and some members may have chosen not to complete the questionnaire as they felt unable to provide accurate predictive information.

The remaining chapters of the report are as follows:

- Chapter 2 – **Starting salaries** – details key benchmark data at industry and sectoral level for the starting salaries paid to new graduate recruits during 1999/2000 and 2000/2001, along with anticipated starting salaries for 2001/2002.
- Chapter 3 – **Vacancies** – details the volume of vacancies on offer, and examines the proportions that were left unfilled (shortfall) or were deferred.
- Chapter 4 – **Selection and Recruitment** – offers information related to the volume of graduate applications handled throughout the recruitment process.
- Chapter 5 – **Retention and Salary Progression** – examines retention statistics, and the reasons for changes in retention rates, along with median growth in earnings for those graduates who remain with their employer for up to five years.
- Chapter 6 – **Incentives** – Financial and non-financial incentives that are used to attract graduates are examined and reported.
- Chapter 7 – **Sponsorship and work experience** – examines key statistics on sponsorship, and both paid and unpaid work experience, such as number of places on offer, payment conditions and lengths of sponsorship/placements.
- Chapter 8 – **Graduate skills** – summarises the importance of various skills as well as the adequacy of finding such skills in graduate applicants. Skills with the greatest mismatches in importance and supply are highlighted.

2 Starting Salaries

A variety of factors influence newly qualified graduates' choice of employer, with financial and non-financial 'offers' both playing an important part in the decision making process. The current economic climate is also likely to influence their choices when entering the graduate labour market, and job security may now be featuring higher on their agendas than in the recent past. However, graduates are likely to continue seeking a good starting salary and benefits package, together with opportunities which maximise their career and personal developmental opportunities and future earnings potential.

Currently, there is much speculation regarding the state of the economy and the impact it might have upon the graduate labour market. Employers, however, remain mindful that their employment proposition must include a competitive remuneration package to attract and retain the talent they need. Their interest in **benchmarking the starting salaries** offered to newly qualified graduates continues to remain high.

This chapter reports key benchmark data about starting salaries and London Weighting Allowances that members paid to new recruits in 1999/2000 and 2000/2001, and their **anticipated** levels in 2001/2002.

2.1 London Weighting Allowance

Overall, London Weighting Allowance was offered by 29 per cent of organisations. Consistent with previous findings, Accountancy firms were the most likely to offer a London Weighting Allowance, possibly reflecting the higher concentration of city firms. Allowances this year were a little higher than last year's allowances, although predicted figures for next year indicate a slight decrease:

- In the recruitment year 1999/2000, allowances ranged from £600 to £7,000 – with half offering £3,000 or less (*ie* a median figure of £3,000).
- In 2000/2001, allowances ranged £600 to £8,000 – with half offering £3,250 or less (*ie* a median figure of £3,250).
- Allowances are not predicted to increase in 2001/2002 and the range was maintained at £600 to £8,000 – although the median is slightly lower at £3,100.

As London Weighting Allowance is not directly relevant to the majority of responding employers, it has been excluded from all subsequent analysis and discussion of salaries.

2.2 Salaries

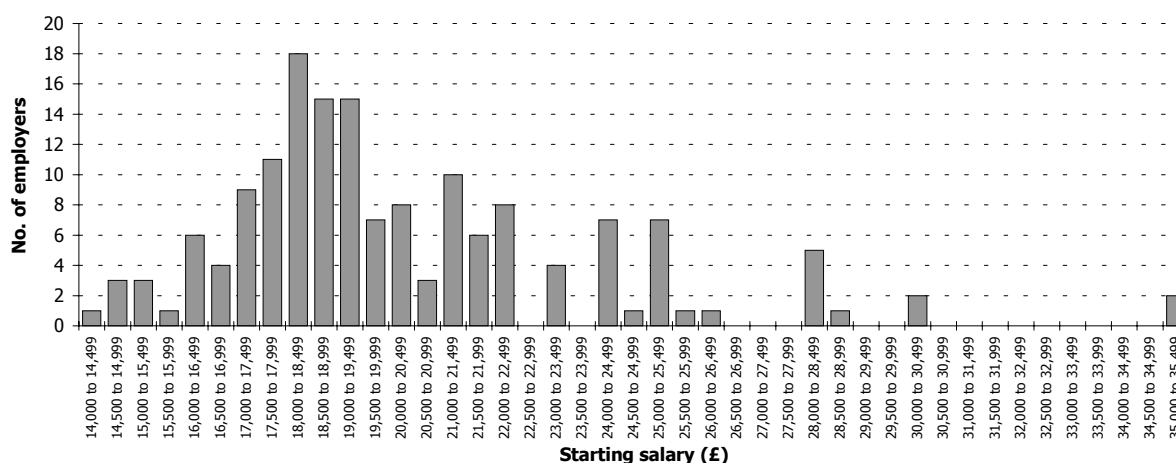
As extreme salaries, both high and low, distort the overall *average* salary, throughout this report the *median* value will be used to describe salaries. (See Appendix A for more detailed salaries information, which lists decile and quartile values in addition to the median.)

- In the recruitment year 1999/2000, typical starting salaries for new first degree graduates ranged from £14,000 to £28,000, with a **median salary of £18,300**.

- In 2000/2001, typical starting salaries for new first degree graduates ranged from £14,300 to £35,000, with a **median salary of £19,000** – slightly higher than the figures predicted by AGR members in the July 2001 Half-Yearly Review, conducted six months previously (where the median had been predicted as £18,600).
- Salaries for 2001/2002 are predicted to range from £14,500 to £35,000, with a **median salary of £20,000**.
- At the lower and upper end of the salary ranges anticipated for 2001/2002, ten per cent of employers are predicting a starting salary of less than £17,000 – at the other extreme, ten per cent were predicting a starting salary of at least £27,000.

Figures 1 and 2 show the starting salaries offered by employers for 2000/2001, and those predicted for 2001/2002, grouped into bands of £500. These figures, however, do not take into account the number of graduates employed by each organisation. Figures 3 and 4 show the same data but here the salaries are weighted by the number of vacancies on offer by each employer, and shows the number of graduates places on offer – hence the considerably higher base size.

Figure 1. Starting salaries offered by employers, £ (2000/2001) – all respondents



NB: Salaries exclude London Weighting Allowance

N = 159

Source: IES/AGR Annual Survey, 2001/2002

Figure 2. Anticipated starting salaries, £ (2001/2002) – all respondents

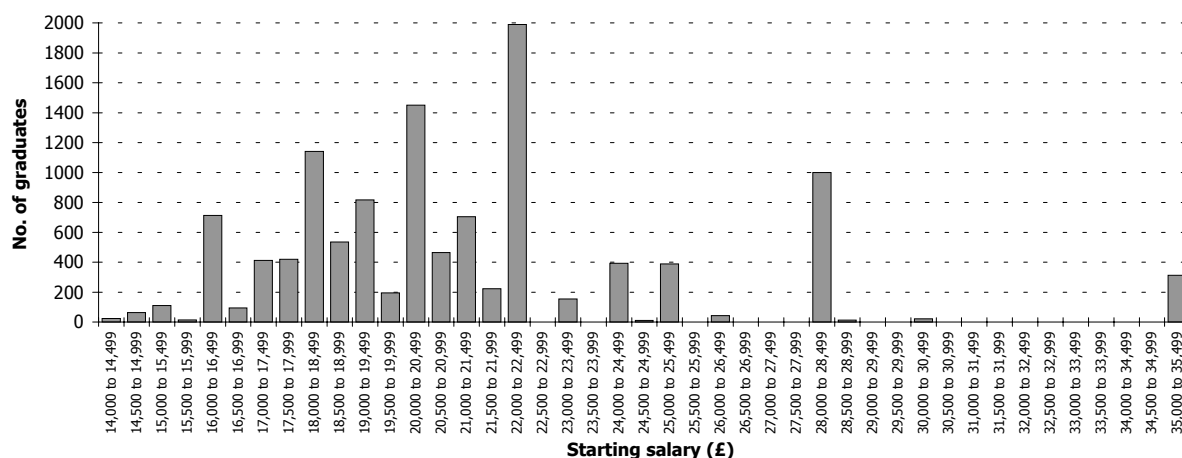


NB: Salaries exclude London Weighting Allowance

N = 149

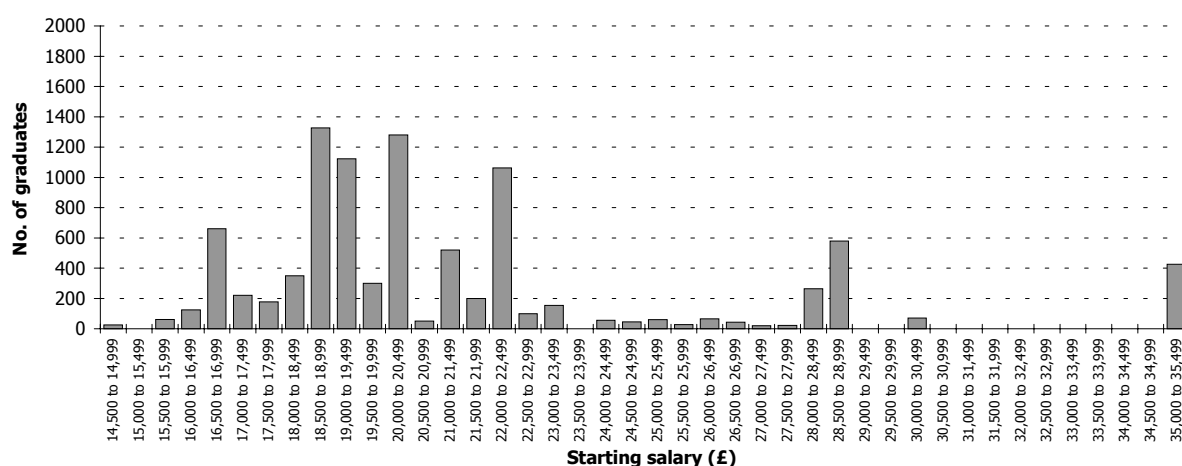
Source: IES/AGR Annual Survey, 2001/2002

Figure 3. Graduate starting salaries, £ (2000/2001) – all respondents



NB: Salaries exclude London Weighting Allowance N = 11,707 Source: IES/AGR Annual Survey, 2001/2002

Figure 4. Anticipated graduate salaries, £ (2001/2002) – all respondents

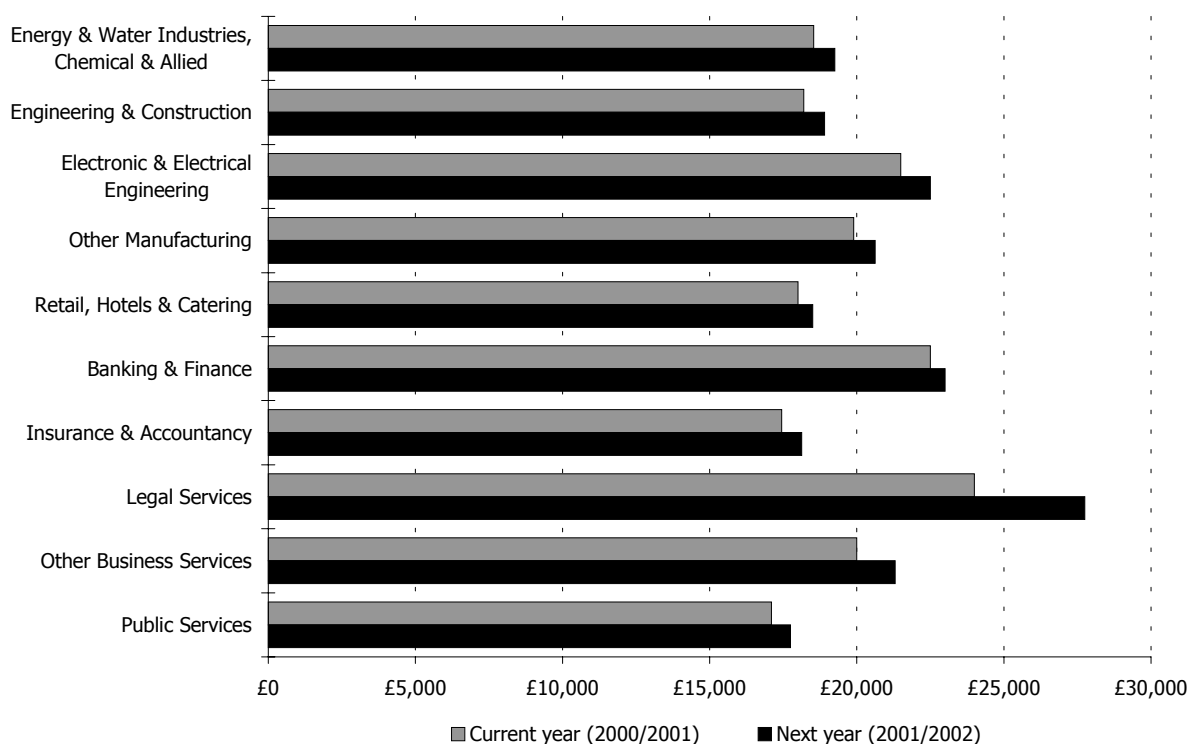


NB: Salaries exclude London Weighting Allowance N = 9,416 Source: IES/AGR Annual Survey, 2001/2002

Comparing Figures 1 and 2, with 3 and 4, highlights the impact of individual organisations that offer particularly high (or low) starting salaries. For example, Figure 1 shows that only 6.3 per cent of employers in the sample (in reality only ten employers) were offering starting salaries of £28,000 or higher in 2000/2001. Due to the large intake of a couple of these employers, however, 11.5 per cent of graduates vacancies (1,348 places) were offered by the sample at starting salaries of at least £28,000 (see Figure 3). At the lower end of the salary scale, although five per cent of employers are paying less than £16,000, only 212 graduates (1.8 per cent) in the sample are actually receiving that amount.

As would be expected, analysis of the starting salaries showed considerable differences by industry. Figure 5 shows the median salaries for 2000/2001 and 2001/2002 according to industry (see Appendix A for more detail). As in previous years, the higher salaries paid by legal firms remains evident.

Figure 5. Median starting salaries 2000/01 and 2001/02 (predicted), by industry – all respondents



NB: Salaries exclude London Weighting Allowance

Source: IES/AGR Annual Survey, 2001/2002

2.3 Salary growth

To be confident that findings are not skewed by the effect of individual respondents who were unable to provide complete salary information, all figures in this section are based on employers who provided salary information for both years.

Salary growth from 1999/2000 to 2000/2001

The questionnaire sought information regarding salaries paid in the previous recruitment year (1999/2000) and salary increases have been calculated from this. Figure 6 shows the median salary growth between 1999/2000 and 2000/2001, in both percentage terms and the cash equivalent.

- Between 1999/2000 and 2000/2001, salaries typically **rose by 5.1 per cent**, which equates to a median figure of £1,000.
- Respondents reported salary increases in 2000/2001 that ranged from zero to £7,000. Seven per cent reported that they had not increased their starting salaries from the 1999/2000 level.
- Growth at the upper end was strong, with 20 per cent (31 employers) increasing salaries by ten per cent or more (up to a maximum of 29 per cent).
- Virtually all employers had increased salaries in the last year at a rate higher than the current inflation level (1.6 per cent as at October 2001); only seven per cent had increased salaries by less than this amount. Almost forty per cent, however, had increased salaries at a rate lower or equal to the current Average Earnings Index (4.4 per cent for the three month period from July to September 2001).

Variations at an industry level were evident:

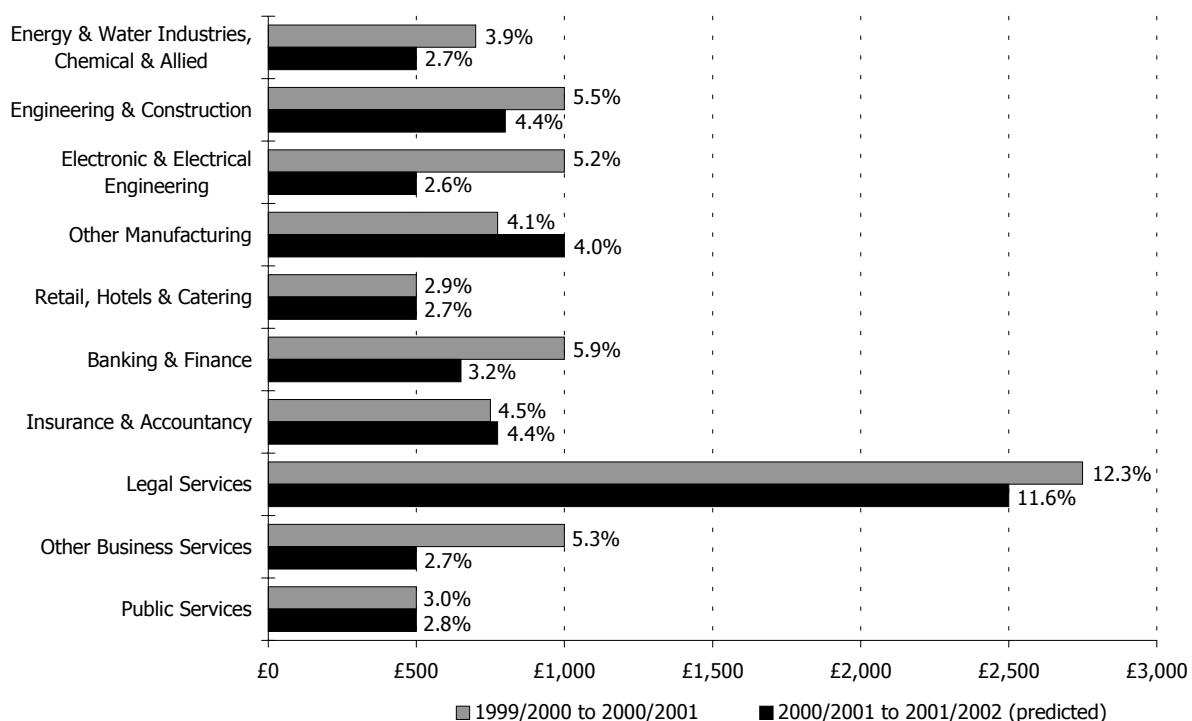
- Legal firms showed the greatest increase over the last year, with **median increases of 12.3 per cent**.
- Lowest salary increases were noted in Retail, Hotels and Catering at 2.9 per cent growth (despite being the lowest, 2.9 per cent still exceeds inflation, yet is below average earnings).
- All other industries reported salary growths of **between 3.0 per cent and 5.5 per cent**.

Predicted salary growth from 2000/2001 to 2001/2002

Figure 6 also shows the predicted starting salaries for the forthcoming year. It is evident from the figure that all salary increases (in percentage terms⁴) for 2000/2001 to 2000/2002 are **lower than the previous period** of 1999/2000 to 2000/2001, suggesting that employers are being more cautious with forthcoming salary increases.

- Between 2000/2001 and 2001/2002 salaries are predicted to **rise by 3.2 per cent** (median figure).
- Predicted salary increases range from zero to £3,800, with a median increase of £600.
- Eighteen per cent (26 employers) plan to maintain salaries at the same level with a further three per cent at a rate below inflation.
- In comparison with the Average Earnings Index, 60 per cent anticipate salary increases below or equal to the July to September 2001 index level of 4.4 per cent.

Figure 6. Median salary increases between 1999/2000 and 2000/2001 and predicted increases for 2000/2001 to 2001/2002, by industry – base held



NB: Salaries exclude London Weighting Allowance

Source: IES/AGR Annual Survey, 2001/2002

⁴ The difference between the median increase in percentage terms, and actual £ should be noted, eg although the actual median increase for Other Manufacturing is higher in £s for 2000/2001 to 2001/2002 than for the previous period, in percentage terms it is a little lower. This is due to the effect of taking the *median* value as well as the relative increase in the salary base, ie 4.0 per cent of a higher salary might be worth more than 4.1 per cent of a lower salary.

- At the higher end, **anticipated growth is not expected to match the previous year's level** – only nine per cent of employers plan to raise starting salaries next year by ten per cent or more (compared with the 20 per cent who had made a similar increases during the previous year).

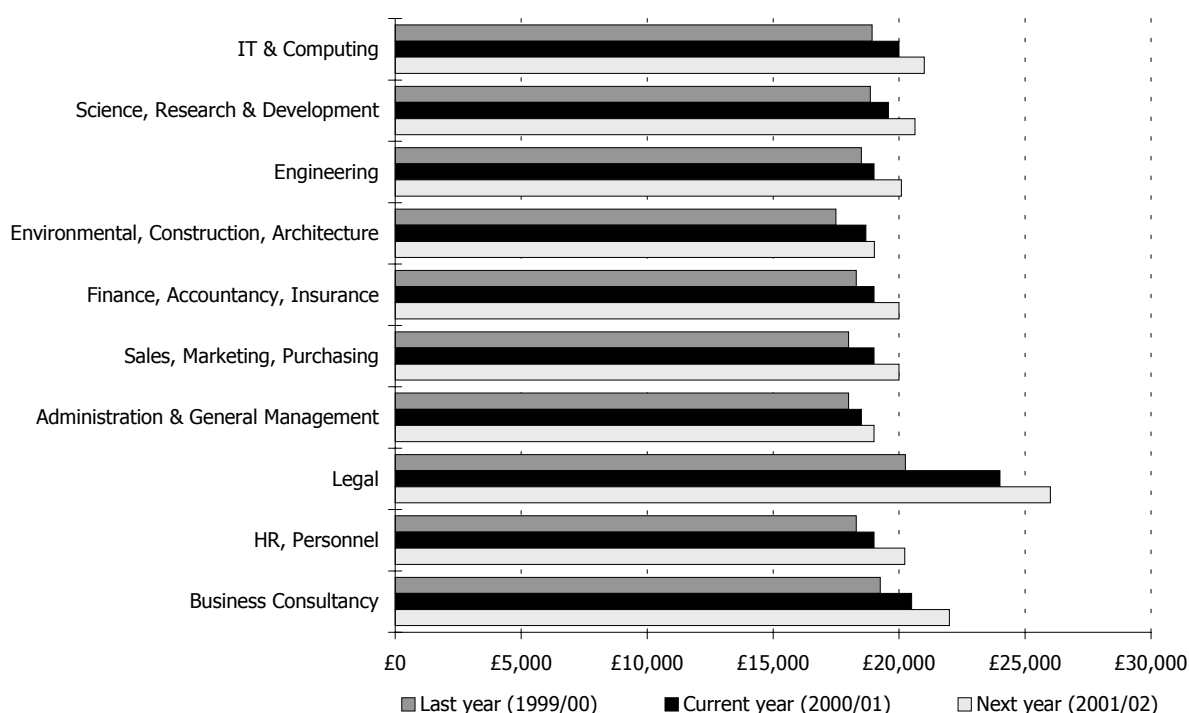
Differences by industry are evident.

- As with the previous year, anticipated salary growth **was highest for the legal sector**, with a predicted median growth of 11.6 per cent.
- Those anticipating **slower growth** are mostly from **Banking and Finance** who predict a growth at 3.2 per cent, compared with their actual growth of 5.9 per cent the previous year. **Electronic and Electrical Engineering** (including Telecoms) also anticipate a lower growth of 2.6 per cent (compared with actual growth of 5.2 per cent in the previous year). **Other Business Services** reported similar figures, with a predicted growth of 2.7 per cent compared with actual growth in the previous year of 5.3 per cent.
- All industries predict salary growths of at least the inflation rate, but most are lower than the Average Earnings Index (ranging from 2.6 to 4.4 per cent). **Only Legal Services**, however, anticipate increases (at 11.6 per cent) higher than the growth in average earnings.

2.4 Salaries by career areas

In addition to examining overall salaries, this survey also examined starting salaries typically offered to graduates in different career areas. Figure 7 illustrates median salaries for three recruitment years: 1999/2000, 2000/2001, and predicted salaries for 2001/2002. Figure 7 shows clearly that although employers remain confident and continue to anticipate increasing starting salaries, the **greatest increases are expected for those graduates who enter legal careers**.

Figure 7. Graduate starting (median) salaries, by career area – all respondents



NB: Salaries exclude London Weighting Allowance

Source: IES/AGR Annual Survey, 2001/2002

3 Vacancies

This chapter offers key benchmark data regarding the **volumes of vacancies** AGR members had on offer for the recruitment year 2000/2001, together with information regarding **shortfalls** and **deferments**. Early chapters in this report have drawn attention to the current economic climate and the implications for future resourcing needs. The survey provides valuable insight into how this may be impacting on the number of graduate jobs on offer, and on those vacancies which AGR employers placed ‘on hold’ during 2000/2001.

Overall vacancies offered by all responding AGR members for 2000/2001 totalled 12,542, and predicted vacancies for 2001/2002 totalled 11,782. However, to be confident that figures are not skewed by the effects of members who did not, or could not, provide accurate figures, the remainder of this section refers only to respondents who provided figures for both 2000/2001 and 2001/2002.

3.1 Vacancies

- Respondents to this survey reported that the number of **vacancies would drop slightly** from 11,347 in 2000/2001 to an anticipated 10,898 vacancies in 2001/2002 – a predicted decrease of around **four per cent** overall.
- However, it is important to note that the pattern of anticipated growth or reduction in vacancies is not uniform across all organisations. Twenty-five per cent were planning to increase their intake by between one and 20 places, and five per cent were planning increases between 22 and 150 places. Despite such large growth in a handful of employers, the overall figures were down slightly compared to the previous year, as 37 per cent of organisations were intending to *reduce* their graduate intake, and a further 33 per cent of employers were *not planning to increase* it.
- **Five organisations** accounted for 30 per cent of all vacancies on offer by AGR employers (each accounting for at least five per cent). Three of these employers were from the Insurance and Accountancy industry, one from Electronic and Electrical Engineering, and one from Other Business Services.
- Most employers, however, anticipate offering a **smaller number of vacancies** in 2001/2002, with 84 per cent each offering 100 or fewer places.

Table 1 shows the year on year change in the number of vacancies on offer for all 150 relevant respondents. As respondents who provided data for only one of these periods have been excluded, the base sizes for some industries (particularly Electronic and Electrical Engineering, and Public Services) are particularly small and should be **treated with caution**. Bearing this in mind, Table 1 shows some interesting variations according to respondents’ industry:

- Predicted growth in vacancies is **highest** for Retail, Hotels and Catering and for Energy and Water/Chemical and Allied, with anticipated increases of 20 per cent and 18 per cent respectively.
- A **decrease** in Electronic and Electrical Engineering (including Telecoms) was particularly evident and likely to reflect the recent turbulence these industries have suffered, with

Table 1. Year on year change in vacancies, by industry – base held

<i>Industry</i>	<i>No of vacancies overall (2000/2001)</i>	<i>Anticipated vacancies next year (2001/2002)</i>	<i>% change</i>	<i>N</i>
Energy & Water/Chemical & Allied	234	277	18.4	13
Engineering and Construction	753	720	-4.4	17
Electronic & Electrical Engineering	528	230	-56.4	6
Other Manufacturing	490	407	-16.9	20
Retail, Hotels and Catering	734	881	20.0	11
Banking and Finance	1,551	1,644	6.0	20
Insurance and Accountancy	3,117	3,076	-1.3	16
Legal Services	766	767	0.1	14
Other Business Services	2,261	1,996	-10.0	25
Public Services	913	900	-1.4	8
Total	11,347	10,898	-4.0	150

NB: Table 1 refers to only those who gave information for both of the years. Source: IES/AGR Annual Survey, 2001/2002

vacancies predicted to fall by 56 per cent. Smaller decreases were expected in the industries of Other Manufacturing (17 per cent), and Other Business Services (ten per cent), again were likely to reflect changes to the external marketplace.

3.2 Shortfall

Forty-three per cent of members reported a shortfall for the recruitment year 2000/2001; although respondents to the two surveys may differ, it is interesting that just six months ago only 18 per cent of members had anticipated a shortfall. However, the shortfall experienced was very similar to that reported by those responding at this same time last year.

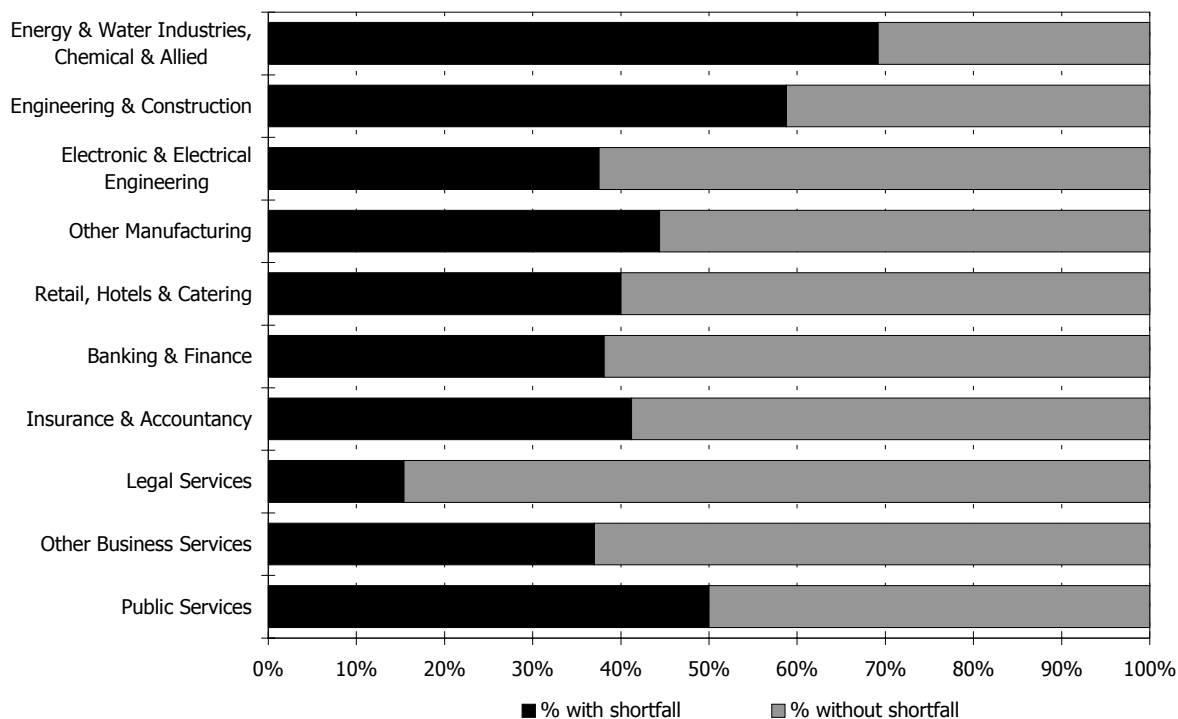
The median number of unfilled vacancies was five. Although the number of unfilled vacancies ranged from 1 to 800, only two employers had unfilled vacancies that exceeded 100 places (the largest of whom, with 800 places, indicated a recruitment freeze in their organisation).

Figure 8 shows the proportion of employers in each industry who suffered shortfalls; as can be seen, the proportion varied by industry from a **high of 69 per cent** of those in Energy and Water/Chemical and Allied, to a **low of 15 per cent** for those in Legal Services.

3.3 Deferments

One in three (32 per cent) of employers said that they had **deferred** offers for the year 2000/2001, and the number of offers deferred ranged from one to 100. Although the average was 11, this was skewed by a couple of employers who made large numbers of deferments; the majority of those making deferments (62 per cent) had deferred only **one or two offers**, with the result that the median figure was two. Although the numbers were too small to allow meaningful comparison by industry, the figures suggested that deferments were relatively more common in the Electronic

Figure 8. Employers reporting a shortfall 2000/2001, by industry – all respondents



Source: IES/AGR Annual Survey, 2001/2002

and Electrical Engineering industry (including Telecoms) and again are likely to reflect the level of uncertainty these industries currently face.

The total number of deferments was **509 places** across 47 employers. When compared with the total number of vacancies on offer for the year 2000/2001 for all respondents (a total of 12,542 vacancies), the effect of 509 deferments accounts for only **four per cent of the total vacancies**. Deferment length varied from three months to three years or, in a few cases, was described as being permanent or ongoing. The most popular deferment length was 12 months. It should be noted that as this topic is a new addition to the Graduate Salaries and Vacancies surveys, there is no comparable benchmark data with which to compare this.

4 Selection and Recruitment

Maintaining an effective selection and recruitment process is critical to securing and retaining the quality and quantity of talent needed by employers for future business success. In addition, employers are currently mindful of the business challenges they face and the risks involved when making resourcing decisions. This chapter offers an insight into the volumes of applications handled throughout the various stages of the recruitment process and the number of job offers made to newly qualified graduates.

Table 2 offers information regarding the volumes of applications that AGR members processed for each *filled* vacancy during the various stages of (2000/2001) recruitment process. Again there was considerable variation at industry level:

- Other Business Services, Legal Services, and Banking and Finance employers attracted a much greater volume of applications than others.
- Public Services, and Engineering and Construction firms attracted the least.
- Electronic and Electrical Engineering, and Other Manufacturing conducted the most interviews per filled vacancy.
- Retail, Hotels and Catering conducted the least number of interviews per filled vacancy.

The diversity of the graduate labour market is reflected in the variations shown in Table 2. When compared with the figures at this time last year, although the two samples do not necessarily contain the same respondents, there are some noticeable changes:

Table 2. Volume of applications processed per *filled* vacancy, by industry – all respondents

<i>Industry</i>	<i>Received per vacancy</i>	<i>Shortlisted per vacancy</i>	<i>Interviewed per vacancy</i>	<i>Offered per vacancy</i>	<i>N</i>
Energy & Water/Chemical & allied	42.3	8.0	6.2	1.3	9
Engineering and Construction	25.6	6.2	3.3	1.3	13
Electronic & Electrical Engineering	33.3	7.5	7.3	1.2	7
Other Manufacturing	40.0	9.4	7.0	1.0	15
Retail, Hotels and Catering	43.5	6.0	2.7	1.0	9
Banking and Finance	50.0	11.6	5.7	1.0	16
Insurance and Accountancy	28.8	5.9	6.2	1.3	16
Legal Services	55.5	5.4	3.8	1.4	12
Other Business Services	58.8	8.6	6.4	1.0	23
Public Services	25.5	6.0	5.5	1.2	8
All Industries	39.2	7.3	4.9	1.1	128

Source: IES/AGR Annual Survey, 2001/2002

- Electronic and Electrical Engineering and Other Business Services attracted only half as many applications per filled vacancy than at this same time a year ago (66.2 last year compared with the current 33.3), suggesting that graduates may have been deterred somewhat by the uncertainty of the industry.
- Other industries attracted proportionally more applications than last year, notably Other Business Services (30.0 last year compared with the current 58.8), and Retail, Hotels and Catering (27.4 last year compared with current 43.5), perhaps because they are seen as being more stable employment sectors.
- Public Services, traditionally seen as being amongst the most reliable employers during recessions, attracted ten applications per vacancy 18 months ago, which more than doubled to 22.5 applications per vacancy 12 months ago. Data in this survey suggests that applications to Public Service employers are still increasing, with a current applications ratio of 25.5 per vacancy.
- All told, this analysis suggests that graduate job seekers can detect shifts in the state of the economy, and are voting with their feet when it comes to applying for jobs.

5 Retention and Salary Progression

5.1 Retention

Employers are more than aware of the risk and business consequences of ‘recruiting turnover’. The need for **effective** selection and recruitment strategies to ensure they gain a return on their investment in graduate schemes is essential. The Half-Yearly Review, published July 2001, examined the recruitment and selection practices being used to identify the most appropriate graduates to fit within organisations. This chapter presents valuable benchmark data regarding how successful AGR employers have been in **retaining the ‘talent’** they initially secured one, three and five years ago.

As with earlier surveys, analysis of retention rates at an industry level was not possible, due to the relatively small number of respondents in some categories; therefore, Table 3 shows respondents grouped by sector.

Table 3. Average retention rates, by sector (percentage) – all respondents

<i>Sector</i>	<i>2000/01</i>	<i>1999/00</i>	<i>1998/99</i>	<i>1997/98</i>	<i>1996/97</i>	<i>1995/96</i>
Financial and Legal	100	96	90	75	65	55
Services (excluding financial and legal)	100	90	80	73	56	50
Manufacturing, Production and Industrial	100	94	75	63	54	52

Source: IES/AGR Annual Survey, 2001/2002

Previous Graduate Salaries and Vacancies reports have suggested that retention rates are slowly improving amongst AGR members. This survey asked respondents how they thought their current retention rate of new graduates compared with recent years. Overall, one in three respondents (33 per cent) felt that their **retention rate had improved**, 59 per cent felt it was the same, and the remaining eight per cent felt it had **deteriorated**.

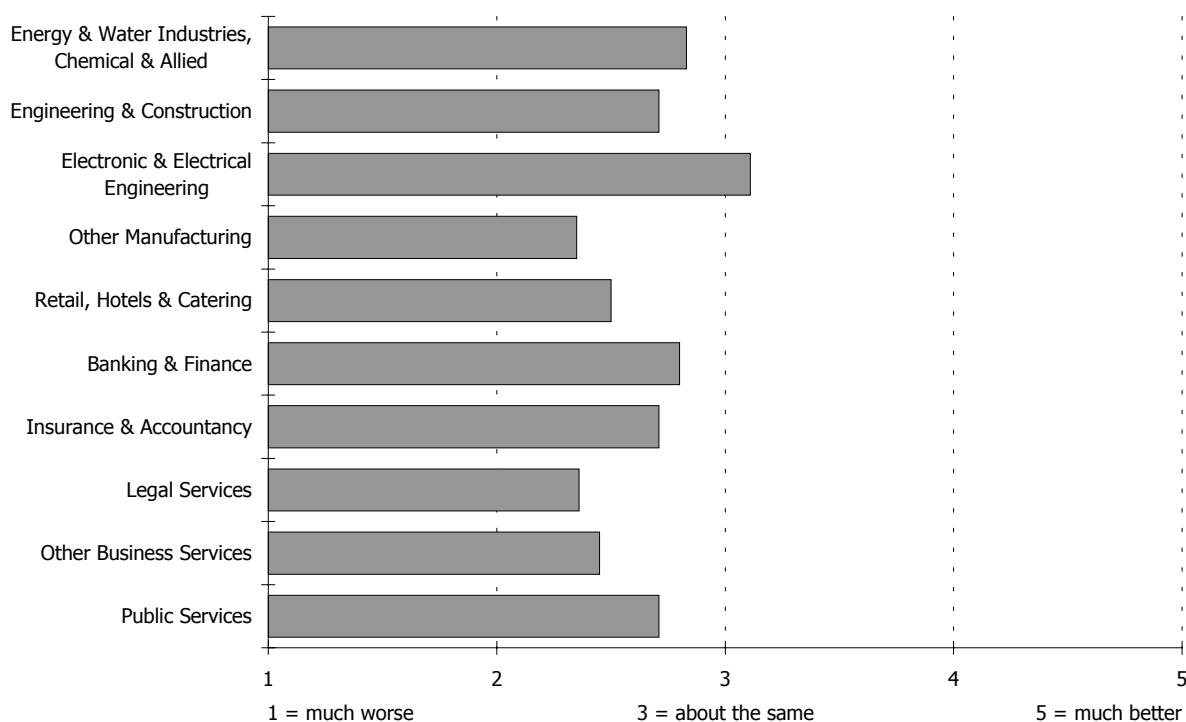
Respondents were offered a five point scale which varied from 5 = much worse, 3 = about the same, to 1 = much better, as Figure 9 illustrates. The results show largely similar scores with few extreme values; at the two extremes however, retention was reported to have:

- deteriorated the most in the Electronic and Electrical Engineering industry (although the mean score of 3.1 is only slightly above the “about the same” score),
- improved the most for Other Manufacturing and Legal Services (both with mean score of 2.4).

Respondents were asked their reasons for changes in their retention rates. The reasons given for improvements were very varied, although common themes included:

- improvements to training schemes/making training schemes more structured
- improvements to career development opportunities/opportunities for progression
- improvements to salaries and benefits packages

Figure 9. Average changes in retention rates compared with recent years, by industry – all respondents



Source: IES/AGR Annual Survey, 2001/2002

- greater awareness of retention issues
- external causes/market conditions.

Reasons volunteered for deterioration in retention rates were fewer. Many reasons were company specific, but included themes such as:

- market conditions/industry decline
- internal/structural changes
- losing staff due to competition from rival employers.

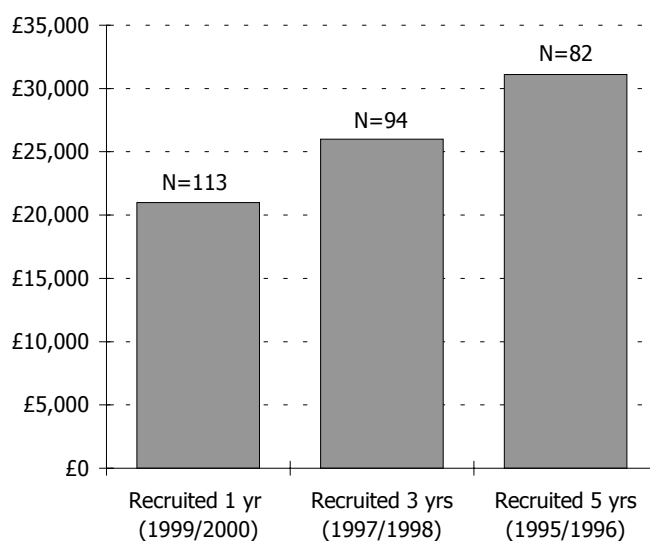
5.2 Salary progression

As at this point in time last year, salary progression was reported as being ‘healthy’, illustrating employers’ commitment to the talent recruited into their organisation. Figure 10 shows the typical salaries **currently being paid** to graduates who were recruited one year ago, three years ago, and five years ago. Graduates with five years of service (the 1995/1996 intake) typically earn around **£10,000** more than those with just one year of service. It is interesting to note that this was very similar finding to the salary progression reported 12 months ago.

Figure 11 presents the data in terms of the **percentage growth** over a one year, three year, and five year period with a breakdown by sector, as well as an overall figure (again base sizes were too small to allow a breakdown at industry level)⁵. The figure clearly shows considerable

⁵ Calculations were made using the current salary as a proxy for the starting salary of those with one, three and five years service.

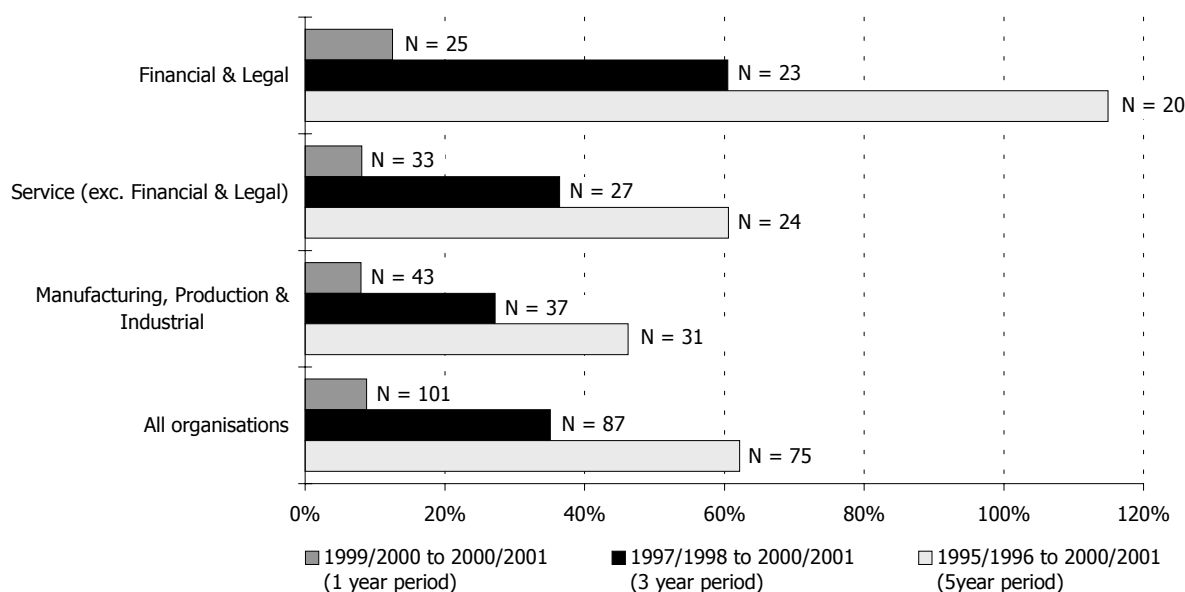
Figure 10. Typical current graduate salaries (median), by length of service – all respondents



NB: Salaries exclude London Weighting Allowance

Source: IES/AGR Annual Survey, 2001/2002

Figure 11. Percentage growth in graduate salaries, by sector – all respondents



NB: Salaries exclude London Weighting Allowance

Source: IES/AGR Annual Survey, 2001/2002

difference by sector, and illustrates **substantial growth** in salaries in the Financial and Legal sector, where the salary for graduates has reportedly **more than doubled** (115 per cent) over a five year period (from being recruited in 1995/1996 to their salary in 2000/2001).

6 Incentives

Chapter 2 presented the salaries AGR members paid to newly qualified graduates; this chapter provides information regarding other incentives offered as part of the **overall employment proposition**. Overall, **97 per cent** of respondents offer some sort of financial incentive, and **98 per cent** offer some sort of non-financial incentive. When combined together, all but one respondent offered either a financial or non-financial incentive. Table 4 outlines the most popular type of **financial incentive** on offer.

- Pensions were the most common financial incentive, followed by performance related bonuses and private healthcare.
- Many other financial incentives were listed, including for example, sponsorship/bursaries; staff discount; study fees for professional development; and payment of membership fees for professional bodies.
- Although there were sectoral differences in the type of financial incentive on offer, the overall likelihood of offering **any type** of financial incentive was very consistent, and was offered by 98 per cent of the Financial and Legal, and the Services sectors, and 95 per cent of the Manufacturing, Production and Industrial sector.

Table 4. Financial incentives offered, by sector (counts and percentages) – all respondents

	<i>Financial and Legal</i>		<i>Services (excl. financial/legal)</i>		<i>Manufacturing, Production and Industrial</i>		<i>Total</i>	
	<i>N</i>	<i>%</i>	<i>N</i>	<i>%</i>	<i>N</i>	<i>%</i>	<i>N</i>	<i>%</i>
Pension	47	87	55	97	59	91	161	92
Performance related bonus	33	61	32	56	29	45	94	53
Private healthcare	35	65	28	49	29	45	92	52
Share options/schemes	19	35	28	49	31	48	78	44
Relocation package	18	33	17	30	34	52	69	39
Interest reduced loans	15	28	17	30	7	11	39	22
Signing-on bonuses	12	22	12	21	11	17	35	20
Other financial incentive	9	17	14	25	6	9	29	17

Source: IES/AGR Annual Survey, 2001/2002

Table 5 shows the **non-financial** incentives on offer by AGR members were very similar to those on offer at this same time last year.

- On-going professional development was the most popular, followed by mentoring.
- Other non-financial incentives included overseas secondments, secondments to other departments, sabbaticals and unpaid leave.

**Table 5. Non-financial incentives offered, by sector (counts and percentages)
– all respondents**

	<i>Financial and Legal</i>		<i>Services (excl. financial/legal)</i>		<i>Manufacturing, Production and Industrial</i>		<i>Total</i>	
	<i>N</i>	<i>%</i>	<i>N</i>	<i>%</i>	<i>N</i>	<i>%</i>	<i>N</i>	<i>%</i>
On-going professional development	53	98	51	90	62	95	166	94
Mentoring	43	80	47	83	53	82	143	81
Lateral job moves (between functions)	29	54	37	65	43	66	109	62
Study leave	41	76	33	58	45	69	119	68
Flexible working opportunities	21	39	27	47	24	37	72	40
Other non-financial incentives	2	4	6	11	3	5	11	6

Source: IES/AGR Annual Survey, 2001/2002

- Offering **any type** of non-financial incentive was generally widespread – all (100 per cent) of those in the Financial and Legal, and Manufacturing, Production and Industrial sectors, and 95 per cent of those in the Services sector.

7 Sponsorship and Work Experience

Work experience, placements and sponsorships have a value to **both employers and graduates**. They can act as a proxy for a ‘**work trial**’ enabling both parties to gain practical experience of each other and to gain insight into the potential for future relationships. This chapter continues to provide members with information regarding the offers and take-up for both paid and unpaid work opportunities by AGR members.

7.1 Sponsorship

Overall, sponsorship was offered by **one in three** respondents (33 per cent), which is consistent with those employers who responded to the survey at this time last year. Sponsorship opportunities were particularly high in Legal Services, and Engineering and Construction; this is likely to reflect the commitment to gaining professional qualifications in these industries.

Table 6 outlines the number of places on offer, together with payments made to students sponsored by AGR employers.

- The number of places on offer in 1999/2000 ranged from **one to 255**, with a median of ten. The range was the same for the following year 2000/2001 although the median fell slightly to 8.5. The number of places anticipated for 2001/2002 was found to have the same range, although the median is predicted to return to its previous level of ten places.
- Overall, the number of places offered has been similar for the past two years. However, for the year 2001/2002, the Financial and Legal sector expects to **increase** their number of places from a median of 25 places for the previous two years, to a median of 35. Increases are less marked for the other sectors; Services expect to increase their median number of places from 7 to ten, while the picture for the Manufacturing/Production/Industrial is more constant (as Table 6 shows).
- The average weekly amount paid ranged from £5 to £500, with a median figure of £88. Pay levels were highest for the Manufacturing/Production/Industrial sector at £188, were lower for Financial and Legal sector at £98, and lowest for the Services sector at £40.

Table 6. Sponsorship places available, and amount paid (medians) – all respondents

	<i>Median places 1999/2000</i>	<i>Median Places 2000/2001</i>	<i>Median places 2001/2002</i>	<i>Weekly amount paid 2000/2001 (£)</i>
Financial/Legal	25	25	35	98
Services (excl. Financial/Legal)	7	7	10	40
Manufacturing/Production/Industrial	7	6	7.5	188
Total	10	8.5	10	88

Source: IES/AGR Annual Survey, 2001/2002

7.2 Paid work experience

Overall, paid work experience opportunities were offered by almost **two out of three** respondents (64 per cent/108 employers). Opportunities were particularly high in Legal Services, and Banking and Finance. However, as Table 7 demonstrates, the number of paid work experience places being offered by members **continues to decline**. This might suggest that businesses are having to cut back on the number of places on offer because of the economic slowdown, but are so convinced of its value that they will continue to offer work experience schemes, albeit with fewer places.

Table 7 outlines the range of paid work experience offered by AGR members.

Table 7. Paid work experience places, amount paid, and length (medians) – all respondents

	<i>Median places 1999/2000</i>	<i>Median Places 2000/2001</i>	<i>Median places 2001/2002</i>	<i>Weekly (£) amount paid 2000/2001</i>	<i>Length of placement (weeks)</i>
Financial/Legal	36	32	23	250	7
Services (excl. Financial/Legal)	25	17	20	250	52
Manufacturing/Production/Industrial	15	14	12	250	12
Total	20	20	20	250	10

Source: IES/AGR Annual Survey, 2001/2002

- The number of work experience places on offer in 1999/2000 and 2000/2001 ranged from **one to 300**, with a median of 20. Anticipated places on offer for 2001/2002 had a shorter range from one to 210, but the median value of 20 was unaffected.
- The Financial and Legal sector offered the most places, with medians of 32 to 36 places for the previous two years, but is predicted to drop somewhat during the 2001/2002 recruitment year to a median of 23 places. The number offered by the Services sector dropped between 1999/2000 to 2000/2001, from 25 to 17 places, but was predicted to rise in 2001/2002 to 20 places. Although the Manufacturing/Production/Industrial sector appears the most consistent of the three sectors, it also suggests gradual decline in the number of places on offer.
- The weekly payments ranged from **£45 to £700**, with a median figure of £250, which was slightly more than that being paid by members a year ago.
- Median pay levels were equal across sectors.
- Average length of placements showed **considerable differences across sectors**, reflecting the wide range of paid work experience available to students and possibly the inclusion of some on 'sandwich' course placements. In the Financial and Legal sector, length of places varied from one to 52 weeks, although the longer length opportunities were rare, with 80 per cent of places lasting less than ten weeks. In the Manufacturing sector, places ranged from four to 52 weeks, and longer schemes were more common, with almost one-third of places lasting a full 52 weeks. Year-long placements were most common, however, in the Services sector, where over half (52 per cent) of all schemes lasted for one year; the minimum length for the Services sector was two weeks.

7.3 Unpaid Work Experience

Overall, unpaid work experience is offered by **just 20 per cent** of AGR members (35 employers).

- The number of unpaid work experience places on offer showed little variation, with a median of ten places for 1999/2000 and 2000/2001. Members predict this number to rise slightly to 11 for 2001/2002.
- The length of work experience was most likely to be one or two weeks, with only a handful of employers offering longer placements.
- Although students are not being paid for their work experience, two out of three employers (64 per cent) offered allowances or expenses; the majority of these covered travel expenses. Providing an allowance for lunch, or providing lunch facilities was popular, and a minority also paid for accommodation expenses.

8 Graduate Skills

The debate surrounding the capability and utility of the skills new graduates have on entering the labour market continues. This survey sought to determine members' views regarding the importance of the 'demand' for their organisations and the adequacy of the 'supply' of newly qualified graduates.

8.1 Importance and adequacy of skills

Respondents were offered a range of personal and transferable skills. They were asked to **rank the importance** of each, then to assess **the adequacy of the supply** of graduates with these skills. Figure 12 illustrates the findings, with the importance of each skill shown on the left hand side of the graph, and the adequacy of the supply on the right hand side.

Figure 12 shows members ranked the most important skills to be:

- motivation and enthusiasm
- team working
- oral communication
- flexibility and adaptability
- initiative/proactivity.

The above reflects the skills that are typically seen as being critical by employers. It is interesting to note that those ranked most important might be described as '**personal qualities**' in contrast to those skills ranked of lower importance, which are more skill based and likely to develop and mature over time, or as a result of specific training and development activities or other such interventions.

Further analysis of these data showed surprisingly **little variation** by sector, reflecting that highly valued skills such as motivation, enthusiasm, team working and oral communication are vital to all employers, regardless of sector.

It was interesting, however, that the data suggests that employers in the Services sector were the most demanding, as they tended to score skills as more important than employers from the other sectors. Of the 19 skills listed, they ranked 13 as being of greater importance than employers from the other sectors. In terms of the adequacy of supply, the Services sector was also the most likely of the sectors to report that skills are easy to find (again 13 out of the 19 skills were scored easier to find by Services than by others). This suggests that Service sector employers may have developed resourcing strategies that allow them to clearly identify the skills required, which in turn impacts on their ability to secure the intake required. It might also suggest that while Service sector employers believe that specific skills are important, they might also have a relatively low threshold in determining what is a satisfactory level of skills in applicants; this is likely to be influenced by employer expectations, which will vary according to the culture within different industries or sectors.

8.2 Skills mismatch

The mean scores for the importance of each graduate skill were compared with the mean scores of the supply. Of the 18 skills assessed, interestingly **only two** had mean scores where the supply exceeded the importance, that is, where the supply was seen as being more than adequate in relation to its importance. These skills were:

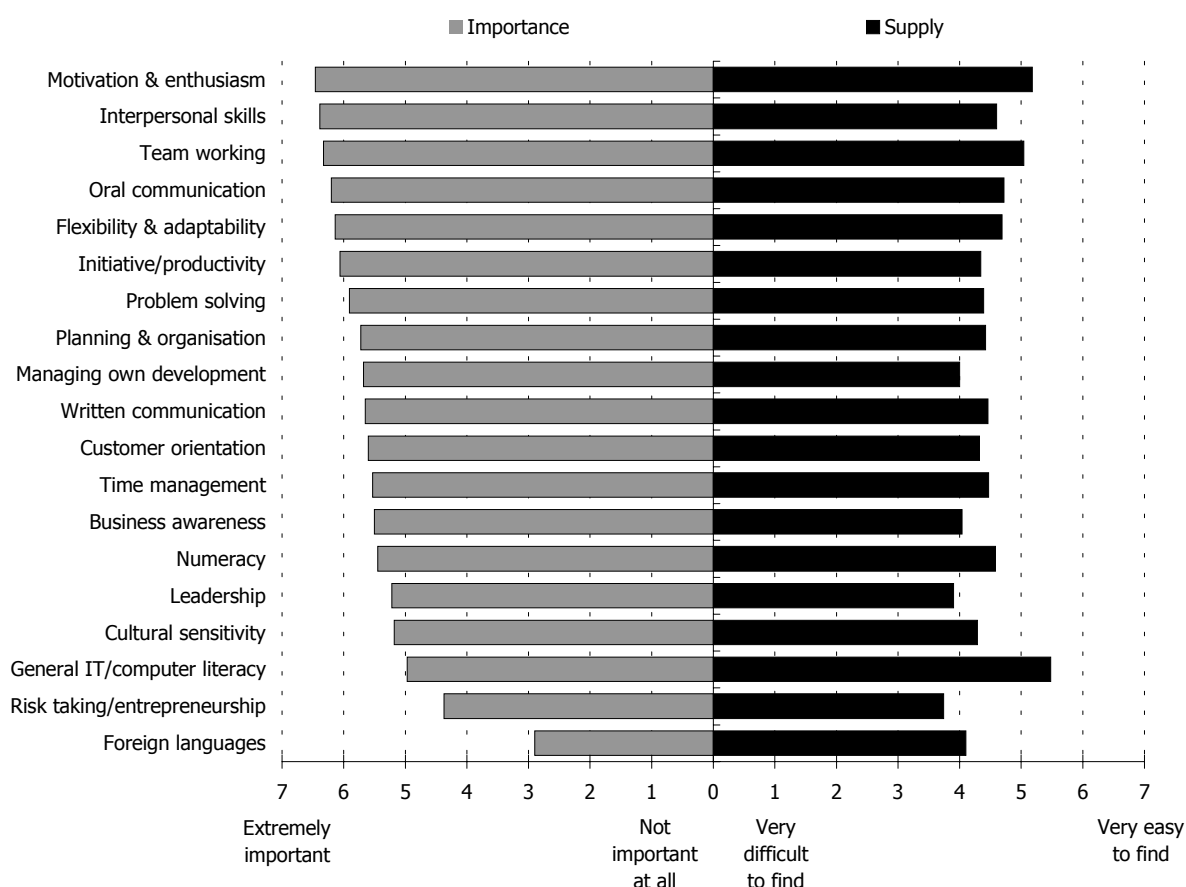
- foreign languages (where supply exceeded importance by 0.6)
- general IT/computer literacy (0.3).

The majority of respondents in the Electronic and Electrical Engineering industry (which includes Telecoms employers) were not reporting a shortfall (see Section 3.2), reinforcing the suggestion that graduates with suitable IT skills are not in short supply. The adequate supply of graduates with sufficient IT skills may also be a function of the external market place where IT professionals are not enjoying the same level of security as in previous years, due to concerns about the economy.

The remaining 16 skills all had mean scores where the importance was not matched by an adequate supply. The skills with the largest shortages were:

- interpersonal skills (where importance exceeded supply by 1.8)
- initiative/proactivity (1.7)

Figure 12. Importance and adequacy of supply of various graduate skills – all respondents



Source: IES/AGR Annual Survey, 2001/2002

- managing own development (1.7)
- business awareness (1.5)
- oral communication (1.5)
- problem solving (1.5).

Given that interpersonal skills, initiative/proactivity and oral communication were ranked within the top five most important skills, there seems to be a real business need for graduates to possess these prior to entering the labour market.

Appendix A: Survey Respondents

This Appendix shows survey respondents clustered into their respective industry groups. It should be noted that not all organisations agreed to be named, and allocation to a specific industry was dependent on the respondents' self selection on the questionnaire, or based on sectors indicated in previous surveys. Some of the smaller industries have been combined with others in order to protect the confidentiality of respondents – where this has happened, combinations were chosen in line with salary profiles.

Alongside each industry, the starting salary for 2000/2001 is shown, along with the anticipated salary for 2001/2002. In response to requests from AGR members, this year's survey includes more specific salary information; as well as median salaries (50th percentile), lower and upper deciles are shown (10th and 90th percentiles), and lower and upper quartiles (25th and 75th percentiles). The salaries were calculated from all respondents in each industry, including those who did not wish to be named below.

Financial and Legal Sector

Banking and Finance

Starting Salaries 2000/2001

Lower Decile	£18,000
Lower Quartile	£18,625
Median	£22,500
Upper Quartile	£28,375
Upper Decile	£35,000

Anticipated Salaries 2001/2002

Lower Decile	£18,450
Lower Quartile	£19,000
Median	£23,000
Upper Quartile	£30,000
Upper Decile	£35,000

Respondents

Abbey National plc

Alliance & Leicester

Bank of England

Barclays Bank plc

Burmah Castrol Trading Ltd

CIBC World Markets plc

Coutts & Co.

Deutsche Bank

Dresdner Kleinwort Wasserstein

Ford Credit Europe plc

HSBC

Halifax plc

J P Morgan

Lloyds TSB plc

Marks & Spencer Financial Services

Royal Bank of Scotland Group

Scottish Amicable Life Assurance Society

Watson Wyatt Partners

(Plus four other organisations who did not wish to be named)

Insurance and Accountancy

Starting Salaries 2000/2001

Lower Decile	£14,667
Lower Quartile	£15,250
Median	£17,450
Upper Quartile	£19,000
Upper Decile	£21,100

Anticipated Salaries 2001/2002

Lower Decile	£15,000
Lower Quartile	£16,176
Median	£18,125
Upper Quartile	£19,625
Upper Decile	£21,750

Respondents

AXA

Audit Commission

Co-operative Insurance Society Ltd

Ernst & Young

Fraser Russell

H A T Group of Accountants

H W Fisher & Co.

KPMG

Kingston Smith

Moore Stephens

PricewaterhouseCoopers

Provident Insurance plc

Standard Life Assurance Company

Towers Perrin

(Plus three other organisations who did not wish to be named)

Legal Services

Starting Salaries 2000/2001

Lower Decile	£18,000
Lower Quartile	£18,750
Median	£24,000
Upper Quartile	£25,000
Upper Decile	£28,000

Anticipated Salaries 2001/2002

Lower Decile	£20,000
Lower Quartile	£21,500
Median	£27,750
Upper Quartile	£28,000
Upper Decile	£28,500

Respondents

Addleshaw Booth & Co.

Allen & Overy

Berwin Leighton

Clifford Chance

Clyde & Co.

DLA

Eversheds

Lovells

Nabarro Nathanson

S J Berwin & Co.

Stephenson Harwood

(Plus four other organisations who did not wish to be named)

Service Sector (excluding Financial and Legal)

Public Services

Starting Salaries 2000/2001		Anticipated Salaries 2001/2002	
Lower Decile	£14,840	Lower Decile	£15,420
Lower Quartile	£15,436	Lower Quartile	£16,364
Median	£17,100	Median	£17,750
Upper Quartile	£18,750	Upper Quartile	£19,125
Upper Decile	£19,250	Upper Decile	£19,725

Respondents

Cabinet Office	National Audit Office
Cleanaway Ltd	Police Service: Accelerated Promotion Scheme
GCHQ	Royal Air Force
H M Prison Service	The Army
Leadership in the NHS	

(Plus two other organisations who did not wish to be named)

Other Business Services, including Software/IT, Consultancy and Publication Services, Transport and Communications

Starting Salaries 2000/2001		Anticipated Salaries 2001/2002	
Lower Decile	£16,000	Lower Decile	£17,500
Lower Quartile	£18,900	Lower Quartile	£19,250
Median	£20,000	Median	£21,300
Upper Quartile	£22,000	Upper Quartile	£23,500
Upper Decile	£26,000	Upper Decile	£27,300

Respondents

ACT Financial Systems Ltd	EDS (UK) Ltd
AIT Ltd	Haymarket Publishing Ltd
Accenture	Logica
BARRA International Ltd	London Underground Ltd
BT	Oracle Corporation U K Ltd
Booz Allen & Hamilton	P & O Central Services
British Airways	Rentokil Initial plc
BUPA	Research Machines plc
CMG UK Ltd	Reuters Ltd
Computacenter (UK) Ltd	Sun Microsystems Ltd
Computer Sciences Corporation	Syntegra
Data Connection Ltd	Walker International

(Plus nine other organisations who did not wish to be named)

Retail, Hotels and Catering

Starting Salaries 2000/2001

Lower Decile	£16,300
Lower Quartile	£17,500
Median	£18,000
Upper Quartile	£18,875
Upper Decile	£20,550

Anticipated Salaries 2001/2002

Lower Decile	£16,650
Lower Quartile	£17,625
Median	£18,500
Upper Quartile	£19,750
Upper Decile	£21,400

Respondents

ASDA Stores
Arcadia Group plc
Boots Company
Debenhams Retail plc
HMV UK Ltd
John Lewis Partnership
Marks & Spencer plc

McDonalds Restaurants Ltd
Next plc
Safeway plc
Tesco Stores Ltd
W H Smith Ltd
Woolworths plc

(Plus one other organisation who did not wish to be named)

Manufacturing, Production and Industrial Sector

Other Manufacturing, including Food, Drink and Tobacco

Starting Salaries 2000/2001

Lower Decile	£17,100
Lower Quartile	£17,851
Median	£19,900
Upper Quartile	£21,150
Upper Decile	£22,832

Anticipated Salaries 2001/2002

Lower Decile	£18,000
Lower Quartile	£19,000
Median	£20,625
Upper Quartile	£22,075
Upper Decile	£24,818

Respondents

3M United Kingdom plc
AWE plc
BMW Group Plant Oxford
Bunzl plc
Cadbury Schweppes plc
Cussons (International) Ltd
EMI Records
IMI plc
Johnson Matthey plc
Kerry Foods Ltd

Kimberly-Clark
L'Oreal
Mars Incorporated
Nestle UK Ltd
Northern Foods plc
Peugeot Motor Co. plc
Procter & Gamble UK
Unilever UK Holdings
Vauxhall Motors Ltd

(Plus four other organisations who did not wish to be named)

Energy and Water Industries/Chemical and Allied Industries

Starting Salaries 2000/2001

Lower Decile	£16,295
Lower Quartile	£17,725
Median	£18,534
Upper Quartile	£19,502
Upper Decile	£22,950

Anticipated Salaries 2001/2002

Lower Decile	£16,795
Lower Quartile	£18,150
Median	£19,250
Upper Quartile	£21,375
Upper Decile	£23,607

Respondents

Centrica plc

Croda International plc

ICI plc

Kodak Ltd

Kvaerner Metals Davy Ltd

Tioxide Group Services Ltd

UCB Films plc

National Grid Company plc

Powergen plc

Scottish Power

South Staffordshire Group plc

Thames Water plc

Yorkshire Water Services Ltd

(Plus one other organisation who did not wish to be named)

Engineering and Construction

Starting Salaries 2000/2001

Lower Decile	£16,750
Lower Quartile	£17,423
Median	£18,200
Upper Quartile	£18,800
Upper Decile	£21,000

Anticipated Salaries 2001/2002

Lower Decile	£16,800
Lower Quartile	£18,250
Median	£18,900
Upper Quartile	£19,625
Upper Decile	£22,000

Respondents

ABB Ltd

ABB Power UK Ltd

Bechtel Limited

Carillion

Caterpillar

E C Harris

Halcrow Group Ltd

Hitachi Europe

Hymatic Engineering Co. Ltd

Laing Homes Limited

Land Rover

Ministry of Defence

Mott MacDonald Limited

Novar plc

Railtrack

Rolls-Royce plc

(Plus three other organisations who did not wish to be named)

Electrical and Electronic Engineering (including Telecommunications)

Starting Salaries 2000/2001

Lower Decile	£19,000
Lower Quartile	£19,700
Median	£21,500
Upper Quartile	£23,500
Upper Decile	£25,000

Anticipated Salaries 2001/2002

Lower Decile	£19,500
Lower Quartile	£20,340
Median	£22,500
Upper Quartile	£24,000
Upper Decile	£26,000

Respondents

3Com Europe Ltd

Agilent Technologies

Altera Europe

Marconi plc

Spirent plc

Thales

Vodafone UK Ltd

Worldcom

(Plus two other organisations who did not wish to be named)

Appendix B: Questionnaire

THE GRADUATE SALARIES AND VACANCIES ANNUAL SURVEY 2001/02

Confidential to the Institute for Employment Studies

Please answer the following questions as fully as you are able by ticking the boxes or writing in the spaces provided. Please return the completed questionnaire to IES in the reply-paid envelope provided. If you have any queries, please contact Linda Barber or Jo Regan at IES: telephone 01273 873651; fax 01273 690430; email: jo.regan@employment-studies.co.uk. Thank you for your co-operation.

Throughout this questionnaire a 'typical' graduate is 21 years old with a second class honours degree.

Starting Salaries

1. Do you offer a London Weighting Allowance to **any** of your typical new first degree graduates?

Yes No

2. If yes, please state the average London Weighting Allowance for each of the following recruitment years:

Paid: £ <input style="width: 100px;" type="text"/> pa	Offering: £ <input style="width: 100px;" type="text"/> pa	Anticipated: £ <input style="width: 100px;" type="text"/> pa
Oct 1999-2000	Oct 2000-2001	Oct 2001-2002

3. Excluding London Weighting, please state the average graduate starting salary for typical new first degree graduates for each of the following recruitment years:

Paid: £ <input style="width: 100px;" type="text"/> pa	Offering: £ <input style="width: 100px;" type="text"/> pa	Anticipated: £ <input style="width: 100px;" type="text"/> pa
Oct 1999-2000	Oct 2000-2001	Oct 2001-2002

4. We are also interested in collecting salary information according to the career area that graduates enter. Please state the average starting salary for each of the following career areas:

	Paid: Oct 1999-2000	Offering Oct 2000-2001	Anticipated Oct 2001-2002
IT, computer analysis, programming <i>etc.</i>	£ <input style="width: 100px;" type="text"/> pa	£ <input style="width: 100px;" type="text"/> pa	£ <input style="width: 100px;" type="text"/> pa
Science, research & development.....	£ <input style="width: 100px;" type="text"/> pa	£ <input style="width: 100px;" type="text"/> pa	£ <input style="width: 100px;" type="text"/> pa
Engineering.....	£ <input style="width: 100px;" type="text"/> pa	£ <input style="width: 100px;" type="text"/> pa	£ <input style="width: 100px;" type="text"/> pa
Environmental planning, construction, architecture <i>etc.</i> ...	£ <input style="width: 100px;" type="text"/> pa	£ <input style="width: 100px;" type="text"/> pa	£ <input style="width: 100px;" type="text"/> pa
Finance, accountancy, insurance and related areas.....	£ <input style="width: 100px;" type="text"/> pa	£ <input style="width: 100px;" type="text"/> pa	£ <input style="width: 100px;" type="text"/> pa
Sales, marketing, purchasing and related careers	£ <input style="width: 100px;" type="text"/> pa	£ <input style="width: 100px;" type="text"/> pa	£ <input style="width: 100px;" type="text"/> pa
Administration and general management trainees.....	£ <input style="width: 100px;" type="text"/> pa	£ <input style="width: 100px;" type="text"/> pa	£ <input style="width: 100px;" type="text"/> pa
Legal work	£ <input style="width: 100px;" type="text"/> pa	£ <input style="width: 100px;" type="text"/> pa	£ <input style="width: 100px;" type="text"/> pa
HR (includes personnel)	£ <input style="width: 100px;" type="text"/> pa	£ <input style="width: 100px;" type="text"/> pa	£ <input style="width: 100px;" type="text"/> pa
Business consultancy.....	£ <input style="width: 100px;" type="text"/> pa	£ <input style="width: 100px;" type="text"/> pa	£ <input style="width: 100px;" type="text"/> pa
Other career area (<i>please specify</i>).....	£ <input style="width: 100px;" type="text"/> pa	£ <input style="width: 100px;" type="text"/> pa	£ <input style="width: 100px;" type="text"/> pa
Other career area (<i>please specify</i>).....	£ <input style="width: 100px;" type="text"/> pa	£ <input style="width: 100px;" type="text"/> pa	£ <input style="width: 100px;" type="text"/> pa

Salary Progression

5. Approximately what is the average salary **currently** being paid to a typical first degree graduate recruited:

One year ago (Oct 1999-2000)	£ <input type="text"/> pa	Five years ago (Oct 1995-1996)	£ <input type="text"/> pa
Three years ago (Oct 1997-1998)	£ <input type="text"/> pa		

Other Incentives

6. Do you offer any of the following incentives to **attract** graduates to your organisation? *(Please tick the appropriate boxes and specify any other incentives you offer).*

Financial

- Private healthcare
- Share options/schemes
- Pensions
- Performance related bonuses
- Relocation package
- Special interest-reduced loans
- Signing-on bonuses
- Other *(please specify)*

Non-financial

- On-going professional development
- Mentoring
- Flexible working opportunities
- Lateral job moves (between functions)
- Study leave
- Other *(please specify)*.....
-
-

Recruitment and Retention

7. We are interested in the overall volume of applications handled at each stage of the recruitment process for the recruitment year October 2000-2001. Please state the total volume for each of the following five stages. *(Please note that the numbers at each stage should be less than the previous stage)*

How many applications did you receive, in total?	<input type="text"/> overall
How many applicants did you shortlist, in total?	<input type="text"/> overall
How many applicants did you interview, in total?	<input type="text"/> overall
How many job offers did you make, in total?	<input type="text"/> overall

8. Approximately what proportion of the new first degree graduates recruited in each of the following years are still working for your organisation?

	2000-2001	1999-2000	1998-1999	1997-1998	1996-1997	1995-1996
Per cent retained	<input type="text"/> %	<input type="text"/> %	<input type="text"/> %	<input type="text"/> %	<input type="text"/> %	<input type="text"/> %

9. How does your current retention rate of new graduates compare with recent years? Overall is it now: *(Please indicate by circling one number)*

Much better		About the same		Much worse
1	2	3	4	5

Why is this?.....

Vacancies

10. During the recruitment year October 2000-2001: How many vacancies did you have? overall
 How many were unfilled? overall How many were deferred? overall
(If none, please indicate by writing zero in the box)

If applicable, what was the average length of deferment?

11. How many vacancies for new first degree graduates do you anticipate in the **next** recruitment year October 2001-2002?

Sponsorship

12. Are you currently offering any sponsorship to students? Yes No *If no go to Q 18*
13. How many sponsorship places did you offer for each of the following periods:
Past 12 months (Oct 2000-2001)..... Recruitment year Oct 1999-2000
14. In the past 12 months (Oct 2000-2001), what was the average **weekly** amount paid to sponsored students? £..... per wk
15. How many sponsorship places do you anticipate offering in the **next** recruitment year (Oct 2001-2002)?

Work Experience (paid only)

16. Are you currently offering any **paid** work experience? Yes No *If no go to Q 20*
17. How many **paid** work experience places did you offer for each of the following periods:
Past 12 months (Oct 2000-2001)..... Recruitment year Oct 1999-2000
18. In the past 12 months (Oct 2000-2001), what was the average **weekly** amount paid to work experience students and how long did the average work experience last?
£ per wk Average length.....
19. How many **paid** work experience places do you anticipate offering in the **next** recruitment year (Oct 2001-2002)?

Unpaid Work Experience

20. Are you currently offering any **unpaid** work experience? Yes No *If no go to Q 27*
21. How many **unpaid** work experience places did you offer for each of the following periods and what was the average length:
Past 12 months (Oct 2000-2001): No of places Average length
Recruitment year Oct 199-2000: No of places Average length
22. Although these students are not paid for their work experience, do you offer them any allowances or expenses? Yes No
23. If yes, please state what the allowances/expenses cover (*ie* subsistence, travelling costs *etc.*)?
.....
24. How many **unpaid** work experience places do you anticipate offering in the **next** recruitment year (Oct 2001-2002)?

Graduate Skills

25. On the following page, is a range of personal and transferable skills. In the **first block**, please indicate how **important** these skills are for new graduate recruits by using a scale from 1 'not important at all' to 7 'extremely important'. In the **second block**, please indicate how **adequate** the supply of these skills is by using a scale of 1 'very difficult to find' to 7 'very easy to find. (*Please circle the appropriate number or N/A, if any of these skills are not required by your organisation*)

	How important are the following skills?							How adequate is the supply?							
	Not important at all			Extremely important				Very difficult to find			Very easy to find				
a. Business awareness	1	2	3	4	5	6	7	1	2	3	4	5	6	7	N/A
b. Customer orientation	1	2	3	4	5	6	7	1	2	3	4	5	6	7	N/A
c. Flexibility and adaptability	1	2	3	4	5	6	7	1	2	3	4	5	6	7	N/A
d. Foreign language	1	2	3	4	5	6	7	1	2	3	4	5	6	7	N/A
e. General IT/computer literacy	1	2	3	4	5	6	7	1	2	3	4	5	6	7	N/A
f. Initiative/proactivity	1	2	3	4	5	6	7	1	2	3	4	5	6	7	N/A
g. Interpersonal skills	1	2	3	4	5	6	7	1	2	3	4	5	6	7	N/A
h. Leadership	1	2	3	4	5	6	7	1	2	3	4	5	6	7	N/A
i. Managing own development	1	2	3	4	5	6	7	1	2	3	4	5	6	7	N/A
j. Motivation and enthusiasm	1	2	3	4	5	6	7	1	2	3	4	5	6	7	N/A
k. Numeracy	1	2	3	4	5	6	7	1	2	3	4	5	6	7	N/A
l. Oral communication	1	2	3	4	5	6	7	1	2	3	4	5	6	7	N/A
m. Planning and organisation	1	2	3	4	5	6	7	1	2	3	4	5	6	7	N/A
n. Problem solving	1	2	3	4	5	6	7	1	2	3	4	5	6	7	N/A
o. Risk taking/entrepreneurship	1	2	3	4	5	6	7	1	2	3	4	5	6	7	N/A
p. Team working	1	2	3	4	5	6	7	1	2	3	4	5	6	7	N/A
q. Time management	1	2	3	4	5	6	7	1	2	3	4	5	6	7	N/A
r. Written communication	1	2	3	4	5	6	7	1	2	3	4	5	6	7	N/A
s. Cultural sensitivity	1	2	3	4	5	6	7	1	2	3	4	5	6	7	N/A
t. Other (Please specify)														

Additional Information

26. What is your organisation's main business activity: (Please tick one box)

Energy & water industries	<input type="checkbox"/>	Mineral & ore industries	<input type="checkbox"/>	Chemical & allied industries	<input type="checkbox"/>
Engineering	<input type="checkbox"/>	Electrical/ronic engineering (inc. telecoms)	<input type="checkbox"/>	Food, drink & tobacco	<input type="checkbox"/>
Other manufacturing	<input type="checkbox"/>	Construction	<input type="checkbox"/>	Hotels & catering etc.	<input type="checkbox"/>
Retail industry	<input type="checkbox"/>	Transport & communication	<input type="checkbox"/>	Banking & finance	<input type="checkbox"/>
Insurance	<input type="checkbox"/>	Legal services	<input type="checkbox"/>	Accountancy	<input type="checkbox"/>
Other business services (inc. software/IT & consultancy)	<input type="checkbox"/>	Public services	<input type="checkbox"/>	Other (please specify)	<input type="checkbox"/>

.....

If your organisation does **not** wish to be named as a survey respondent please put a cross in the box.
 (All information supplied will remain strictly confidential. Data on individual organisations will not be published).

Your name and job title:

Your organisation:

Your telephone number:

Your email address:

Thank you for completing this questionnaire

Please return the questionnaire in the reply paid envelope direct to:
 The Institute for Employment Studies, Mantell Building, University of Sussex, Falmer, Brighton, BN1 9RF