

The AGR Graduate Recruitment Survey 2003

Winter Review



agr

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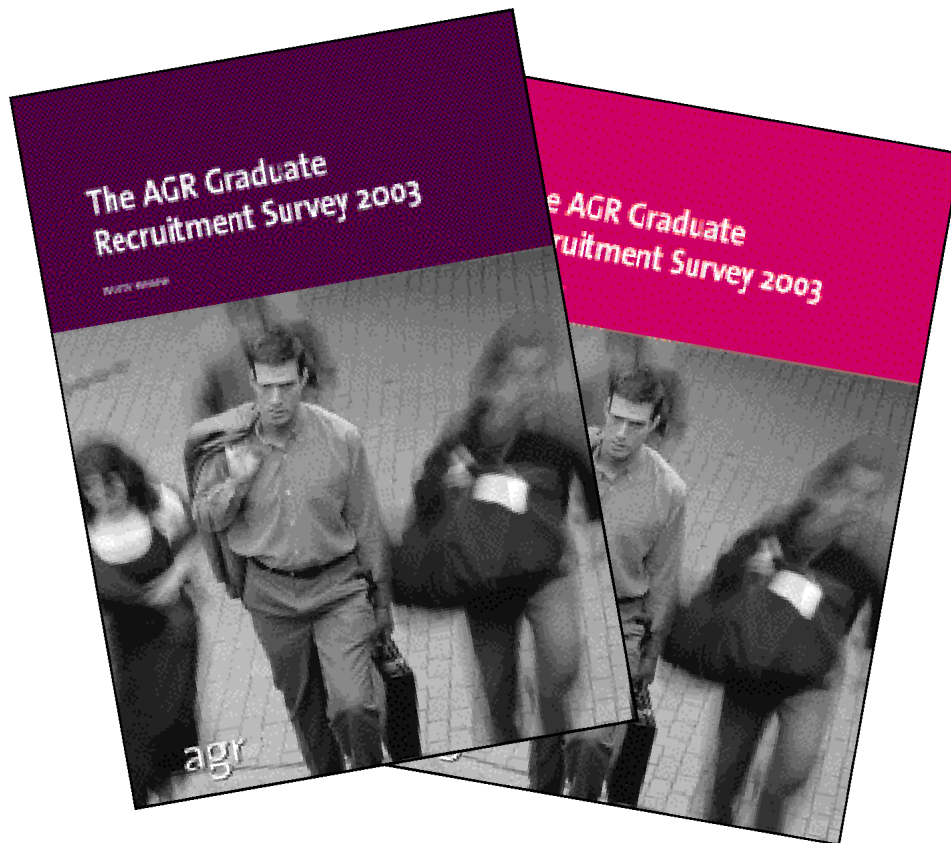
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Make sure you get the *insider's* view on graduate recruitment.



The AGR Graduate Recruitment Survey

Published twice each year in January and July, exclusively for AGR members.

agr

the collective voice of graduate recruiters

Executive Summary

About the Survey

The *Winter Review* from the new *AGR Graduate Recruitment Survey 2003*, is based on research conducted for the AGR by **High Fliers Research** with **222 graduate employers** during **December 2002**. The survey has been developed from the AGR's *Graduate Salaries & Vacancies Survey* to provide employers with the very latest market information on:

- Graduate salary levels for the 2002/3 and 2001/2 recruiting seasons
- Vacancy levels for graduates to start work in 2003 and 2002
- Graduate recruitment marketing used by AGR employers during the 2002/3 and 2001/2 recruitment rounds

Graduate Vacancies

Following a dip in graduate vacancies during the 2001-2002 recruitment season, AGR employers predict an increase in vacancies for graduates starting work in 2003:

- Graduate vacancies are expected to increase by 7.9% in 2003, compared to the numbers actually recruited in 2002.
- The highest volume of vacancies in 2003 are likely to be in accountancy or professional services firms, engineering or industrial companies, investment banks, law firms or retailers.
- Almost half of all vacancies for 2003 are expected to be in London or the south east of England.
- Measured by business functions or career areas within organisations, the most vacancies in 2003 are for graduates working in chartered accountancy, general management, IT, engineering, or investment banking. Together these areas account for nearly 60% of all graduate vacancies.
- The smallest numbers of vacancies in 2003 are for graduate positions in logistics.

Graduate Salaries

Despite the uncertainty of the graduate market in 2002, AGR employers are expecting to pay increased starting salaries for new graduates starting work in 2003:

- Graduate starting salaries are expected to increase by 2.5% in 2003, compared to the salary rates actually paid in 2002. The predicted median graduate starting salary for 2003 is £20,000.
- The highest starting salaries in 2003 are being offered by investment banks, consulting or business service firms, law firms, oil companies, and fast-moving consumer goods companies.
- Regionally, median salaries are expected to be highest in London, the south east, and south west of England, with the lowest rates paid in Scotland, the Midlands and Yorkshire.
- Measured by business functions or career areas within organisations, the highest starting salaries in 2003 are for graduate positions in investment banking, consulting, solicitors or barristers, actuarial work, and IT. The lowest salaries are for positions in human resources.
- A third of employers continue to offer new graduates an initial bonus or cash payment.

Graduate Recruitment Marketing

AGR employers' spending on graduate recruitment marketing activities have been profiled for the first time:

- The median amount spent by AGR employers on their individual graduate recruitment brochure in 2003 was £16,000, with a further £12,000 for their graduate recruitment website.
- Spending on graduate recruitment advertising in careers publications and other paper-based titles was a median of £20,000 in 2003. A median of £8,600 spent on online promotions.
- Employers who attended graduate careers fairs and on-campus presentations spent medians of £8,000 and £5,000 respectively.
- The total amount spent on graduate recruitment marketing by AGR employers in 2003 was a median of £53,500, up 3% on spending in 2002.
- The median 'marketing spend per graduate vacancy' was £1,500 in 2003 although the survey reported spending of nearly double this for public sector recruiters and those from fast-moving consumer goods companies.

Chapter 1

Introduction

A Fresh Approach to Employer Research

Welcome to the *Winter Review* from the new *AGR Graduate Recruitment Survey 2003*, the definitive study of AGR employers and their graduate recruitment, conducted exclusively for AGR members.

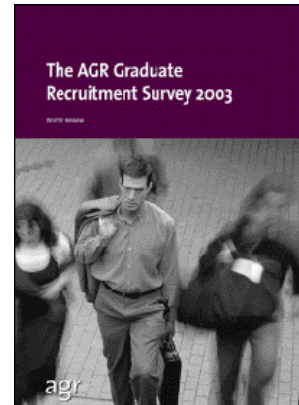
The survey has been developed from AGR's long-established *Graduate Salaries & Vacancies Survey* which has traditionally been the main source of information about the starting salaries offered to graduates and vacancy levels in the market.

The new *AGR Graduate Recruitment Survey* continues to give AGR employers twice-yearly, up-to-the minute insights into the latest graduate market conditions, but for the first time also provides regular benchmarking of graduate recruitment practices.

This *Winter Review* examines how employers have been marketing their graduate opportunities during the 2002/3 and 2001/2 recruitment seasons, along with a full digest of all the latest graduate vacancy and salary information.

The *AGR Graduate Recruitment Survey* is being carried out on behalf of the AGR by specialist student & graduate research company, **High Fliers Research**. The company already produces The UK Graduate Careers Survey which annually examines university students' career aspirations & expectations, and their views on individual employers.

Over the last ten years High Fliers Research has worked with more than 70 leading graduate recruiters to measure the impact of their recruitment activities on campus and help them understand their position in the graduate market.



Survey Methodology

Research for the *Winter Review* for the *AGR Graduate Recruitment Survey 2003* took place during December 2002 using an online questionnaire accessed via the AGR website. The questionnaire contained twenty questions about employers' graduate recruitment activities during the 2001/2002 and 2002/2003 recruitment seasons, focusing on graduate vacancies, graduate salaries, and their graduate recruitment marketing.

The Questionnaire for the new AGR Graduate Recruitment Survey

Welcome to the new AGR Graduate Recruitment Survey, known as the *Winter Review* in the *Winter Review*.

The objective for completing the questionnaire is to help AGR members, through their responses, to understand the graduate recruitment market better.

The questionnaire includes 20 short questions and should take you about 10 minutes to complete. It is a confidential survey and your responses will be held securely. The survey will be used to produce the *Winter Review* and other reports for AGR members.

For more information on the survey, please contact High Fliers Research at highfliers@highfliers.co.uk.

About Your Organisation

1. Please state your organisation's contact details.

Name: *required

Address Line 1: *required

Address Line 2: *required

All of the questions were specially designed so that the survey results can be analysed by employers' industries or business sectors, by the location of their graduate vacancies, and by the career area or business function into which their graduates are recruited.

A short information booklet describing the new survey and providing guidance on the survey questions was sent to all AGR members prior to the start of the research in December.

Participating Employers

In all, High Fliers Research contacted 320 AGR employers to participate in the *AGR Graduate Recruitment Survey 2003*. The online questionnaire was live for a fortnight during December 2002 and the deadline was extended for two further weeks to encourage the maximum number of employers to participate in the research.

A total of **222 employers** either completed the questionnaire or confirmed that they had not recruited in graduates in 2002 and had no recruitment plans for 2003, giving the survey a response rate of **69%**. The AGR members who took part in the survey are:

3Com Europe Limited	Debenhams plc	Kvaener E+C	Safeway Stores plc
3M UK PLC	Deloitte & Touche	L'Oreal	Saffery Champness
ABB Limited	Derwent Information	Lazard	Sainsburys Supermarkets Ltd
Abbey National	Deutsche Bank	LE Group	Samworth Brothers Ltd
Abbey National Treasury Services	Dixon Wilson	Linklaters	Sanofi-Synthelabo
ABP	DLA	Lloyds TSB plc	SCA Packaging Ltd
Accenture	DrKW	Local Government	Schlumberger
Addleshaw Booth & Co	EC Harris	Logica	Scottish Police Service
Airbus UK	EDS	Lovells	ScottishPower
AIT	Enterprise Rent-a-Car	Marks and Spencer	Shell
Aker Kvaerner	Ernst & Young	Matalan	Shepherd Building Group Ltd
Allen & Overy	Eversheds	Mazars	Siemens
Alstom	Exel	McDonald's Restaurants Ltd	SJ Berwin
AMEC	ExxonMobil	McKinsey and Company	Slaughter and May
ARUP	Fidelity Investments	Merrill Lynch	Soci t G nerale
Asda	Filtrona PLC	Microsoft Ltd	Somerfield
AstraZeneca	Ford Financial	Ministry of Defence	Standard Chartered Bank
AvestaPolarit Ltd	Ford Motor Company Ltd	Moore Stephens	Standard Life Assurance Company
BAE SYSTEMS	FSA	Morgan Stanley	Stephenson Harwood
Bank of England	GCHQ	Mouchel	Sun Microsystems UK Ltd
Barclays Bank plc	GKN Plc	Mowlem plc	Syntegra
BDO Stoy Hayward	Government Audit Commission	MW Kellogs Ltd	Tarmac
BG Group	Government Economic Service	Nabarro Nathanson	Tate & Lyle Europe
Black & Decker	Grampian Country Food Group	National Australia Group	Taylor Nelson Sofres
BMW (UK) Manufacturing	Grant Thornton	National Grid	Taylor Wessing
BNFL	Greggs Plc	Nationwide Building Society	Tesco Stores Ltd
BP plc	GW Padley Poultry Ltd	Nestle UK Ltd	Thales
British Energy	Hammond Suddards Edge	NextPLC	Thames Water
British Sugar	Harrods Ltd	NFU Services Ltd.	The Arcadia Group
BT	HAT Group of Accountants	NHS (England)	The BOC Group
BUPA	HaymarketBusiness Publications	Northern Foods plc	The Boots Company plc
Cadbury Schweppes	HBOS plc.	Norwich Union	The Football Association
Cap Gemini Ernst & Young	Herbert Smith	Oracle Corporation UK Ltd	The Hymatic Engineering Co Ltd
Capital One	Highways Agency	Orange PCS	The Patent Office
Carillion plc	HM Customs & Excise	Pfizer Global Research & Development	Theodore Goddard
Caterpillar	HM Prison Service	PGS Exploration (UK) Ltd	Towers Perrin
CB Hillier Parker	HSBC Bank plc	Pilkington Plc	Transco
Centrica	Huntsman Tioxide	Pinsent Curtis Biddle	UCB Films plc
CIBC World Markets	HW Fisher & Company	Police Service HPDScheme	Unilever
CIS Ltd	ICI	PricewaterhouseCoopers	Vauxhall Motors Ltd
Civil Service FastStream, Cabinet Office	ING	Procter & Gamble	Vodafone
Clifford Chance	Inland Revenue	PSA PeugeotCitro n	Wates Group Limited
Clyde & Co.	Investec	QAS Ltd	Watson Wyatt
CMS Cameron McKenna	Jaguar and Land Rover	QinetiQ	WHSmith plc
Commerzbank	John Lewis (Department Stores)	Railtrack	Wincanton
Corus	Johnson Matthey plc	Research International	Woolworths plc
Countryside Properties plc	JPMorgan	Richards Butler	WorldCom
CreditSuisse FirstBoston	Kerry Foods	Rolls-Royce plc	Yell Ltd
Croda International plc	Kimberly-Clark Ltd	Royal Bank of Scotland	Yorkshire Water
Data Connection	Kodak Limited	RSM Robson Rhodes	Zurich
	KPMG		

Chapter 2

Graduate Vacancies

Introduction

The first major part of *The AGR Graduate Recruitment Survey 2003* examines the graduate vacancies that employers are recruiting for during the current recruitment year, compared with the previous year. Employers were asked to give the actual numbers of graduates who were recruited into their organisations during the 2001-2002 recruitment season (typically to start work in the autumn of 2002), along with their predicted numbers of graduates to be recruited during the current 2002-2003 recruitment year.

The survey asked employers to provide not only their total vacancy levels but also a basic analysis of where these vacancies occurred in their organisations. This is a new innovation for the AGR and means that for the first time graduate vacancies can be analysed by geographical region and the business function or career area that the vacancies occur within.

This new information will be particularly useful for employers who recruit many of their graduates for selected regions of the UK or beyond and want to measure how this regional job market is faring. Equally, many major employers recruit graduates for a wide range of business functions, irrespective of their organisation's main purpose. For example, retailers often hire graduates for head office functions such as financial management, marketing or IT in addition to their retail management positions. Similarly, manufacturing or other industrial employers often take graduates in a range of commercial functions alongside their engineering or technical graduate recruitment.

Throughout this section of the survey, the results refer to actual vacancies in 2002 (ie graduates recruited during the 2001-2002 recruitment season who started work in autumn 2002), versus likely vacancies in 2003 (ie graduates recruited during the 2002-2003 round, to start work in autumn 2003).

Key Findings

Following a dip in graduate vacancies during the 2001-2002 recruitment season, AGR employers predict an increase in vacancies for graduates starting work in 2003:

- Graduate vacancies are expected to increase by 7.9% in 2003, compared to the numbers actually recruited in 2002.
- The highest volume of vacancies in 2003 are likely to be in accountancy or professional services firms, engineering or industrial companies, investment banks, law firms or retailers.
- Almost half of all vacancies for 2003 are expected to be in London or the south east of England.
- Measured by business functions or career areas within organisations, the most vacancies in 2003 are for graduates working in chartered accountancy, general management, IT, engineering, or investment banking. Together these areas account for nearly 60% of all graduate vacancies.
- The smallest numbers of vacancies in 2003 are for graduate positions in logistics.

Comparing Graduate Vacancies in 2002 & 2003

The main finding of this year’s survey is that employers are anticipating recruiting more new graduates in 2003 than they did in 2002. The total number of expected vacancies for 2003 at the 222 AGR employers who took part in the survey is 13,941, a rise of 7.9% on the 12,925 graduates who were actually recruited in 2002.

This result is in marked contrast to the 6.5% drop in graduate vacancies between 2001 and 2002 (see Chart 2.1) that was recorded by the *AGR Graduate Salaries and Vacancies Survey*. This was the first decline in vacancies since 1999 and followed two years of growth in 2000 and 2001 where vacancies increased by nearly 15% each season.

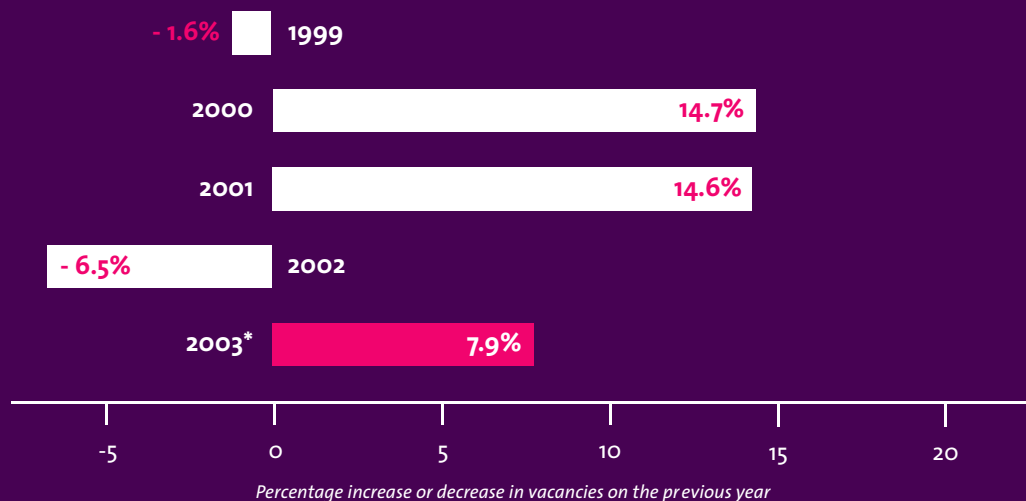
Although this year’s predicted growth in vacancies for 2003 does indicate a cautious improvement in the outlook of graduate employers, the results do not reveal the true extent of the decline in vacancies that took place in 2002. When questioned in the early summer of 2002, 196 recruiters reported that they had hired 16,832 graduates in 2001 and believed that they would recruit 6.5% fewer in 2002 (an estimated total of 15,742). Even allowing for the variations between the employers who participated in that survey and this year’s study, it is evident now that the number of graduates actually recruited by AGR employers in 2002 fell quite dramatically to approximately 13,000-13,500.

This therefore represents a drop in vacancies of 15%-20% between 2001 and 2002, almost three times the decline reported in the summer of 2002. Anecdotal evidence from individual recruiters confirms that during the 2001-2002 recruiting season many employers continued to promote vacancy levels that were similar to the previous year (and indeed used this data in the last AGR survey), but at the end of the year quietly elected not to fill all their places, rather than publicly declare a cut in vacancies.

Despite the overall increase in vacancies for 2003, there has been a small increase in the number of employers who are not currently recruiting graduates (see *Chart 2.2*). Approximately one in six AGR employers do not expect to hire any graduates in 2003 and nearly 40% anticipate taking 25 or fewer graduates this year. There are just eight organisations who participated in the survey who expect to recruit more than 250 graduates in 2003.

The median vacancy level for AGR employers has increased slightly from 31 in 2002, to 35 in 2003.

Chart 2.1 How graduate vacancies at AGR employers have changed 1999-2003



Source - Institute of Employment Studies *High Fliers Research

Chart 2.2 Graduate vacancies at AGR employers in 2002

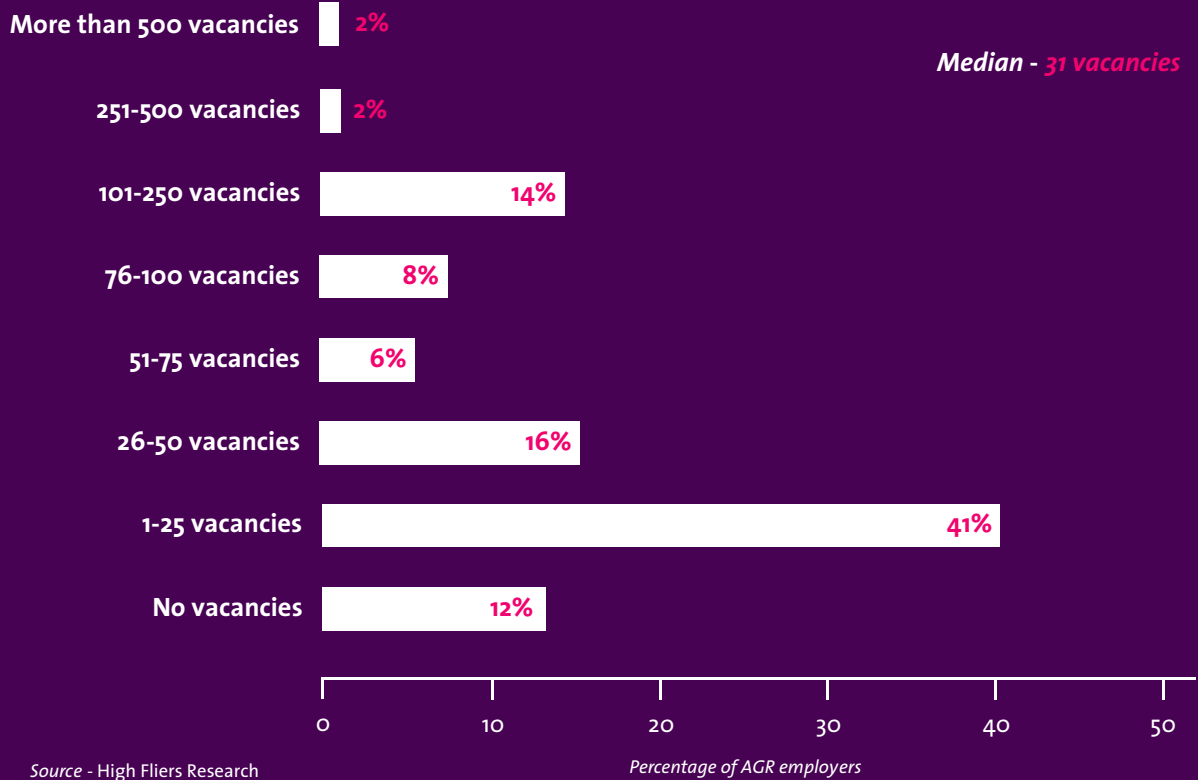
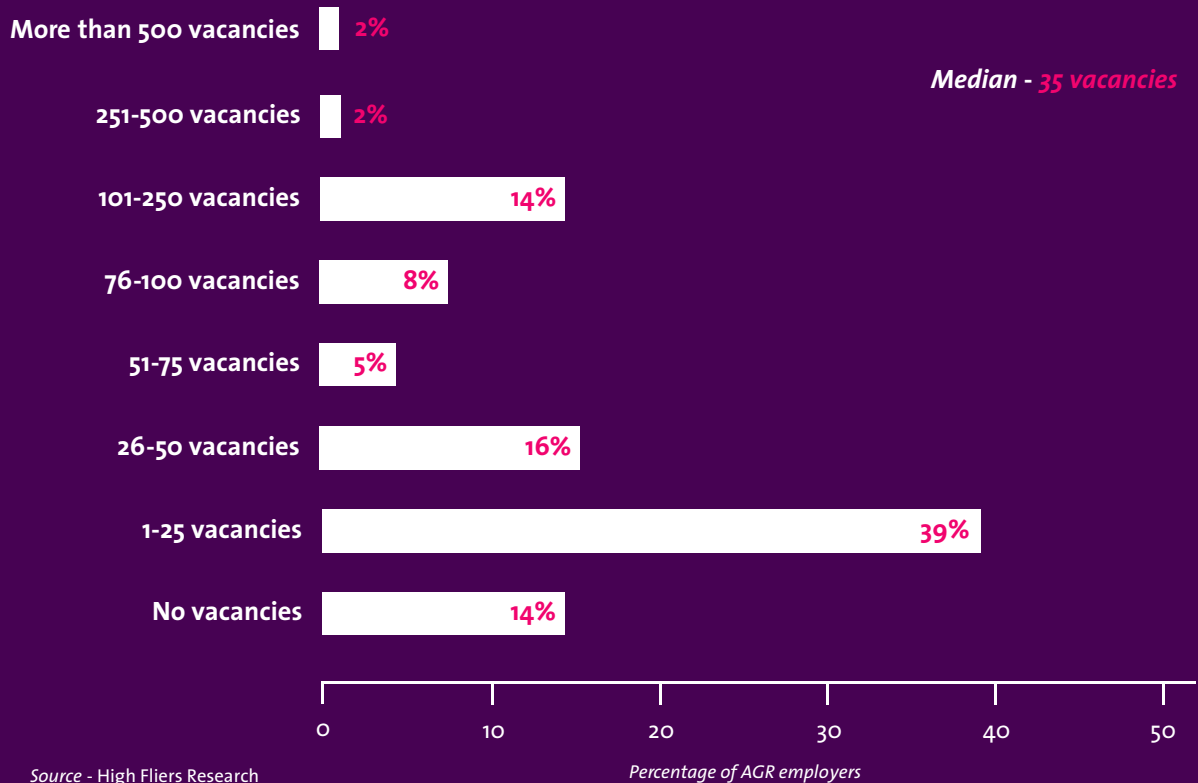


Chart 2.3 Graduate vacancies at AGR employers in 2003



Profiling Graduate Vacancies in 2002

Graduate vacancies within AGR employers can be measured in three different ways – by the employer's industry or business sector, the geographical location of the vacancies, or the business function or career area of the vacancies.

In 2002, nearly one in five vacancies amongst AGR employers were at accountancy or professional services firms in 2002 (see *Table 2.4*). Other organisations who were major recruiters include investment banks or fund managers, engineering or industrial companies, law firms and the public sector. The smallest volume of vacancies for graduates was in media companies, insurance companies, and chemical or pharmaceutical companies.

More graduate jobs were to be found in London or the south east than any other part of the UK or beyond in 2002 (see *Table 2.5*). Almost half of all new graduate positions were in or near the capital, with smaller numbers recruited for the Midlands, the north west, and the south west of England. The combined graduate intake in Scotland, Wales and Northern Ireland amounted to less than 8% of the total vacancies. Internationally, AGR members recruited nearly 10% of their graduates for positions in Europe, the USA, Asia or elsewhere.

In terms of the business functions or careers areas that graduates were recruited into, chartered accountancy was the largest, followed by IT, investment banking, general management, and solicitors & barristers. Engineering was also a major recruiting area and the combined vacancies in mechanical engineering, electrical/electronic and other engineering accounted for more than one in ten graduate positions. Interestingly, two of the smaller areas in 2002 were marketing and human resources, both of which remain firm favourites with students & graduates, despite the scarcity of jobs.

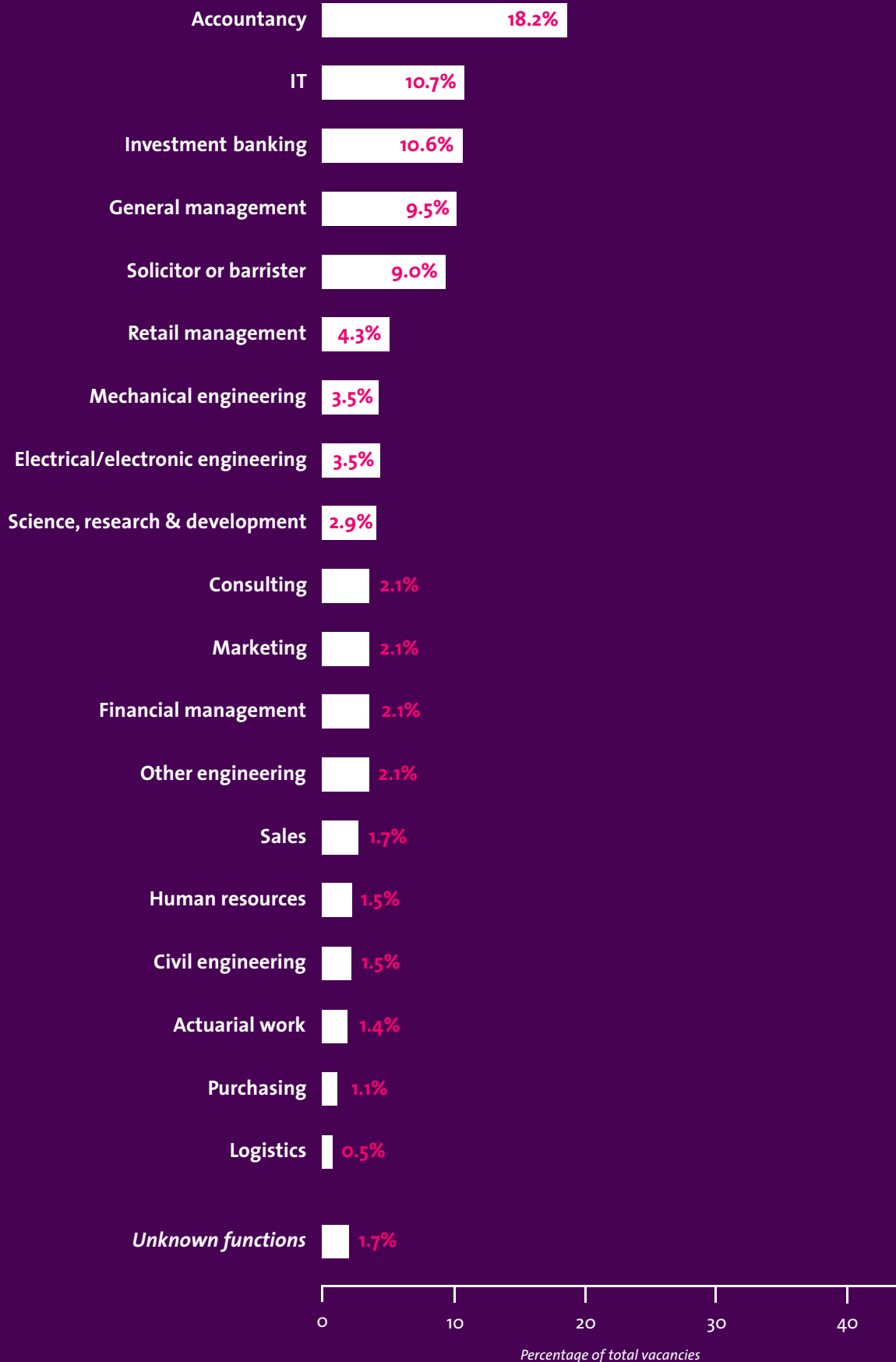
Table 2.4 Vacancies at AGR employers by type of organisation in 2002

	<i>% of total vacancies</i>
Accountancy or professional services firm	19.9
Investment bank or fund manager	11.6
Engineering or industrial company	11.1
Law firm	8.7
Public sector	7.5
Retail	6.7
Commercial or retail bank	6.3
Transport or logistics company	4.5
Oil company	3.8
Consulting or business services firm	2.7
IT hardware or software company	2.5
Construction company	2.4
Energy, water or utility company	2.4
FMCG company or food manufacturer	2.0
Telecommunications	1.9
Motor manufacturer	1.8
Chemical or pharmaceutical company	1.7
Insurance company	1.2
Media company	1.0
Other	0.4

Table 2.5 Vacancies at AGR employers by location of vacancies in 2002

	<i>% of total vacancies</i>
London	37.0
South East	10.4
The Midlands	7.0
North West	6.3
South West	5.5
Scotland	5.2
Yorkshire	3.8
East Anglia	2.5
North East	2.3
Wales	1.6
Northern Ireland	0.7
Ireland	0.4
USA	3.2
Europe	3.0
Asia	1.1
Rest of the World	2.5
Unknown	7.5

Chart 2.6 Graduate Vacancies at AGR employers by business function or career area in 2002



Source - High Fliers Research

Changes in Graduate Vacancies in 2003

The overall increase in vacancies between 2002 and 2003 in the graduate market masks some very significant differences in the vacancies being offered by AGR employers in individual business areas or industries (see *Table 2.7*). The biggest growth in graduate recruitment for 2003 is in telecommunications, IT hardware & software companies, consulting firms, and commercial or retail banking where vacancies are up by at least a third. For the first three of these areas, it is evident that much of the increase is due to depressed recruiting levels in previous years, whilst the commercial or retail banking sector continues to increase its graduate workforce. Other growth industries include retailers, construction companies, transport or logistics companies, and fast-moving consumer goods companies.

The largest drops in vacancies are in media companies, motor manufacturers, chemical or pharmaceutical companies, and investment banks or fund managers. This last sector is particularly concerning given the cuts already made by many of the leading institutions in 2001 and 2002.

Regionally, AGR members are reporting at least 10% more vacancies in the Midlands, East Anglia, the south west and the north east of England for 2003 (see *Table 2.8*). Graduate vacancies are also up in Wales, Scotland and Northern Ireland. Recruitment in London and the north west of England remains static, whilst overseas recruitment appears to have been cut back considerably.

By job function, there are up to 50% more graduate vacancies for 2003 in logistics, consulting, general management, retail management and purchasing (see *Chart 2.9*). Several of these areas only accounted for small numbers of graduates in 2002, so the increases do not necessarily equate to many more vacancies this year, however the substantial growth in general management jobs means that it is now the second biggest recruitment area for graduates in 2003.

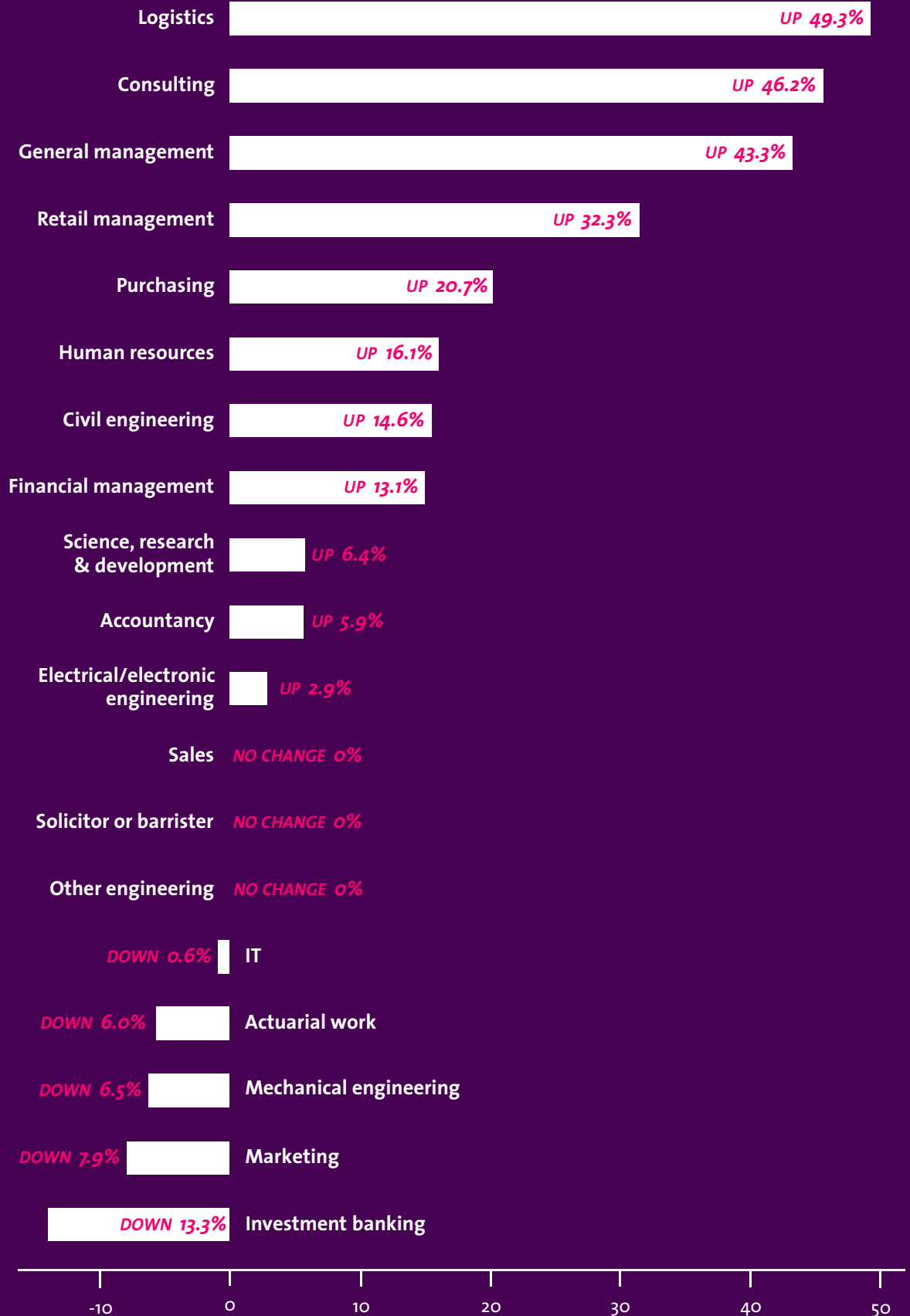
Table 2.7 How vacancies have changed in 2003, by type of organisation

	<i>% change in vacancies</i>
Telecommunications	UP 61.3%
IT company	UP 59.1%
Consulting or business services firm	UP 36.4%
Commercial or retail bank	UP 36.1%
Retail	UP 28.6%
Construction company	UP 26.4%
Transport or logistics company	UP 17.3%
Insurance company	UP 11.3%
FMCG company or food manufacturer	UP 10.3%
Energy, water or utility company	UP 7.4%
Engineering or industrial company	UP 4.3%
Law firm	UP 0.2%
Oil company	DOWN 0.2%
Accountancy firm	DOWN 1.4%
Public sector	DOWN 6.3%
Investment bank, fund manager	DOWN 11.7%
Chemical/pharmaceutical company	DOWN 13.2%
Motor manufacturer	DOWN 19.5%
Media company	DOWN 42.6%

Table 2.8 How vacancies have changed in 2003, by location of vacancies

	<i>% change in vacancies</i>
The Midlands	UP 18.0%
East Anglia	UP 17.1%
Wales	UP 16.5%
South West	UP 12.2%
North East	UP 11.9%
Yorkshire	UP 9.7%
South East	UP 6.0%
Scotland	UP 6.0%
Northern Ireland	UP 5.4%
London	UP 1.0%
North West	DOWN 2.0%
Ireland	DOWN 7.7%
Rest of the World	DOWN 3.4%
Europe	DOWN 7.3%
USA	DOWN 21.4%
Asia	DOWN 30.3%

Chart 2.9 How graduate vacancies have changed in 2003, by business function or career area



Percentage change in graduate vacancies between 2002 and 2003

Source - High Fliers Research

Chapter 3

Graduate Salaries

Introduction

The second section of *The AGR Graduate Recruitment Survey 2003* investigates the salaries that employers are planning to pay new graduates starting work later this year, compared with the rates for 2002. Employers were asked to give their *actual* starting salaries paid to graduates recruited into their organisations during the 2001-2002 recruitment season (typically to start work in the autumn of 2002), along with their predicted starting salaries for graduates to be recruited during the current 2002-2003 recruitment year.

The survey asked employers to provide not only their national graduate starting salary, but also details of any variation of this rate paid to graduates in different parts of their organisations. This is the first time that this information has been sought from AGR members and means that salary data can now be analysed by geographical region and the business function or career area that the graduates are employed within, as well as employer's industry or business sector.

As particularly high or low salaries can distort the average salary levels, the survey uses the 'median' value to compare salary levels. Throughout this section the median value is calculated by taking the 'mid-point' salary for all the actual *vacancies* under consideration, rather than the mid-point 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.

All the results shown in this section refer to actual starting salaries paid in 2002 (ie graduates recruited during the 2001-2002 recruitment season who started work in autumn 2002), versus likely salaries on offer in 2003 (ie graduates recruited during the 2002-2003 round, to start work in autumn 2003).

Key Findings

Despite the uncertainty of the graduate market in 2002, AGR employers are expecting to pay increased starting salaries for new graduates starting work in 2003:

- Graduate starting salaries are expected to increase by 2.5% in 2003, compared to the salary rates actually paid in 2002. The predicted median graduate starting salary for 2003 is £20,000.
- The highest starting salaries in 2003 are being offered by investment banks, consulting or business service firms, law firms, oil companies, and fast-moving consumer goods companies.
- Regionally, median salaries are expected to be highest in London, the south east, and south west of England, with the lowest rates paid in Scotland, the Midlands and Yorkshire.
- Measured by business functions or career areas within organisations, the highest starting salaries in 2003 are for graduate positions in investment banking, consulting, solicitors or barristers, actuarial work, and IT. The lowest salaries are for positions in human resources.
- A third of employers continue to offer new graduates an initial bonus or cash payment.

Comparing Graduate Salaries in 2002 & 2003

The survey shows that graduate starting salaries are continuing to rise. Employers are anticipating offering a median salary of £20,000 to new graduates in 2003, £500 higher than the £19,500 median salary paid in 2002. This represents an increase of 2.5% year-on-year and is similar to the annual rises recorded by the *AGR Graduate Salaries and Vacancies Survey* in 2001 & 2002 (see *Chart 3.1*).

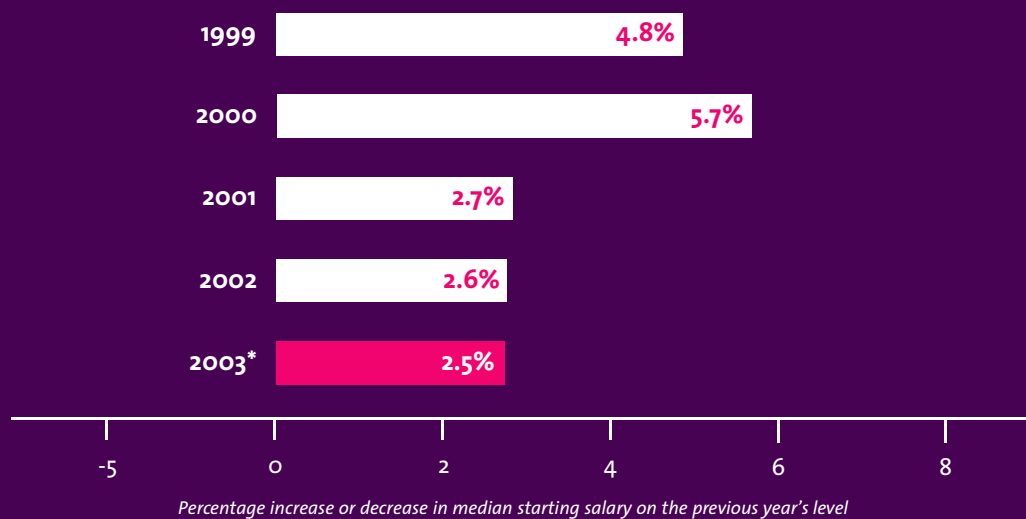
These increases are a far cry from the double digit salary inflation that was seen in the graduate market in the second half of the 1990's, but show that starting salaries are still rising by at least the cost of living. The results are also a timely reminder, given recent announcements about the introduction of higher tuition fees for university students, that the salaries paid to graduates continue to outstrip almost all other routes into employment. By the time graduates start work after completing their degrees, the starting salary they are paid for their first job is generally already higher than the average national income (currently £17,000 per annum).

The profile of the starting salaries paid by AGR employers in 2002 reveals that there was a very wide variation in the salaries available from different organisations (see *Chart 3.2*). At the lower end, a handful of employers offered new graduates £15,000 or less for their first position. Almost half of all recruiters paid a starting salary between £17,500 and £20,000, but over 40% offered more than £20,000.

At the very top of the market, 4% of recruiters were able to pay their new intake initial salaries of £30,000 or more. The highest recorded starting salary was £40,000 for graduates at one of the leading international investment banks. Whilst it is important to remember that this salary was only offered for 120 vacancies out of nearly 13,000 graduate positions available in 2002, these results are a useful reminder of the dilemma that new graduates face as they leave university. With the highest salaries in the market amounting to more than twice the lowest offerings, the choices that graduates make for their first employment can have a profound effect on their potential future earnings.

In 2003, the profile of starting salaries paid by AGR members follows a similar pattern (see *Chart 3.3*). Fewer employers are offering the lowest salaries, but there has been a noticeable increase in employers offering between £20,000 and £25,000 to new graduates. With the median salary now at £20,000, this level may well become an important benchmark for the graduate market - it is an easily quoted and remembered figure for recruiters and graduates alike.

Chart 3.1 How median graduate starting salaries at AGR employers have changed 1999-2003



Source - Institute of Employment Studies *High Fliers Research

Chart 3.2 Graduate starting salaries at AGR employers in 2002

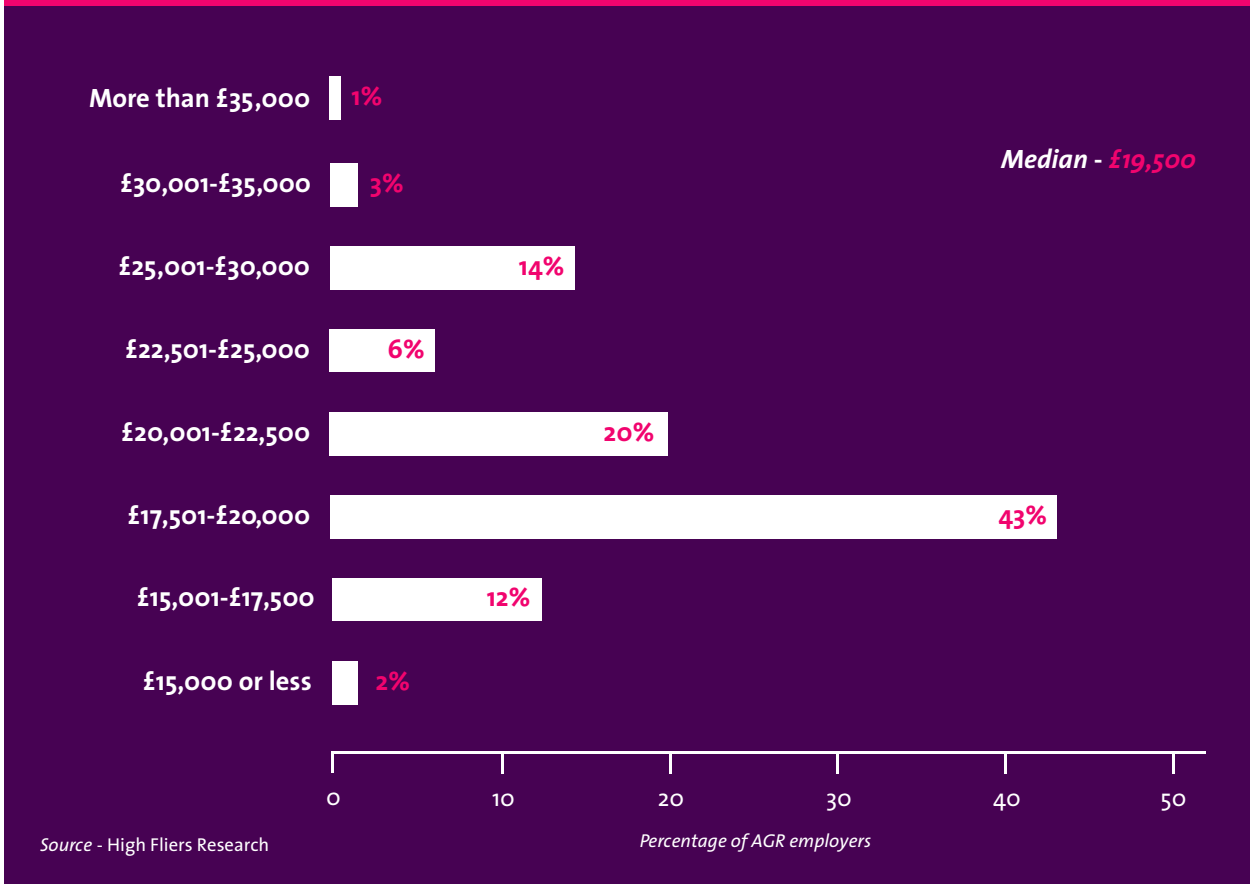
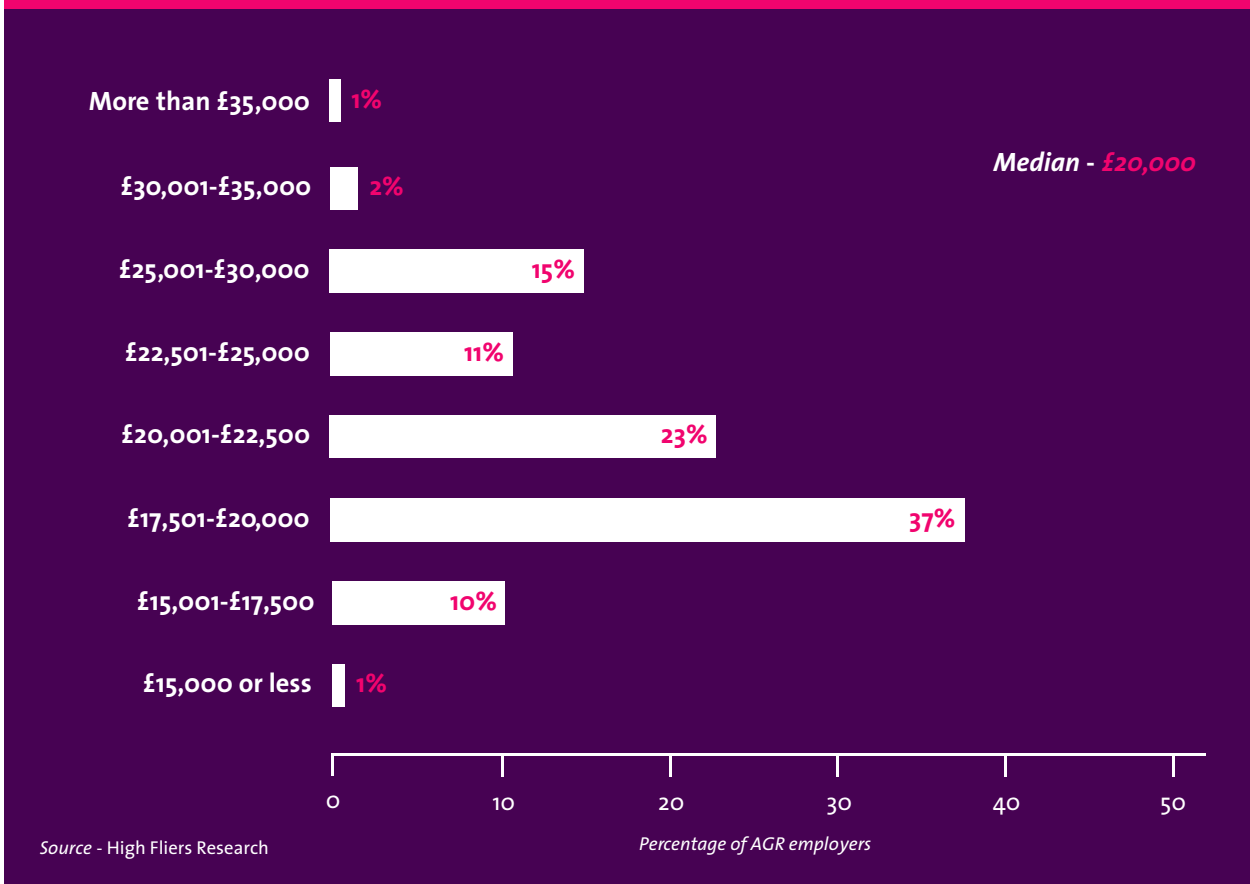


Chart 3.3 Graduate starting salaries at AGR employers in 2003



Profiling Graduate Salaries in 2002

The starting salaries paid to graduates by AGR employers can be measured in three different ways – by the employer's industry or business sector, the geographical location of the vacancies, or the business function or career area of the vacancies.

In 2002, the highest-paying AGR employers were investment banks or fund managers, consulting or business services firms, law firms, and oil companies (see *Table 3.4*). The median starting salaries for these kinds of employers are between approximately £25,000 and £35,000. Other organisations paying above-average starting salaries were the fast-moving consumer goods companies, chemical or pharmaceutical companies, telecommunications companies, and motor manufacturers. The lowest starting salaries were recorded for new graduates in transport or logistics companies, media companies, and construction companies.

Across the UK, there were considerable regional variations in salary levels paid in 2002 (see *Table 3.5*). Graduates starting work in London were offered the highest rate, a median of £23,000, although it should be noted that this does include any London weighting or allowances that employers provided. Positions in the Midlands and Scotland began on the lowest median salaries of £17,000. The salary for Northern Ireland appears to be very high, but it should be noted that this is based on a small number of vacancies. Graduate salaries overseas ranged from £13,000 for Ireland to £35,000 for the USA, but there were too few vacancies in Asia or elsewhere in the world to calculate meaningful median rates.

Within individual business functions and career areas (see *Chart 3.6*), the highest starting salaries in 2002 were for vacancies in investment banking, consulting, solicitors or barristers, and actuarial work where the median rates were between 20% and 75% higher than the median national starting salary. The lowest salaries reported were in human resources, purchasing, and civil engineering.

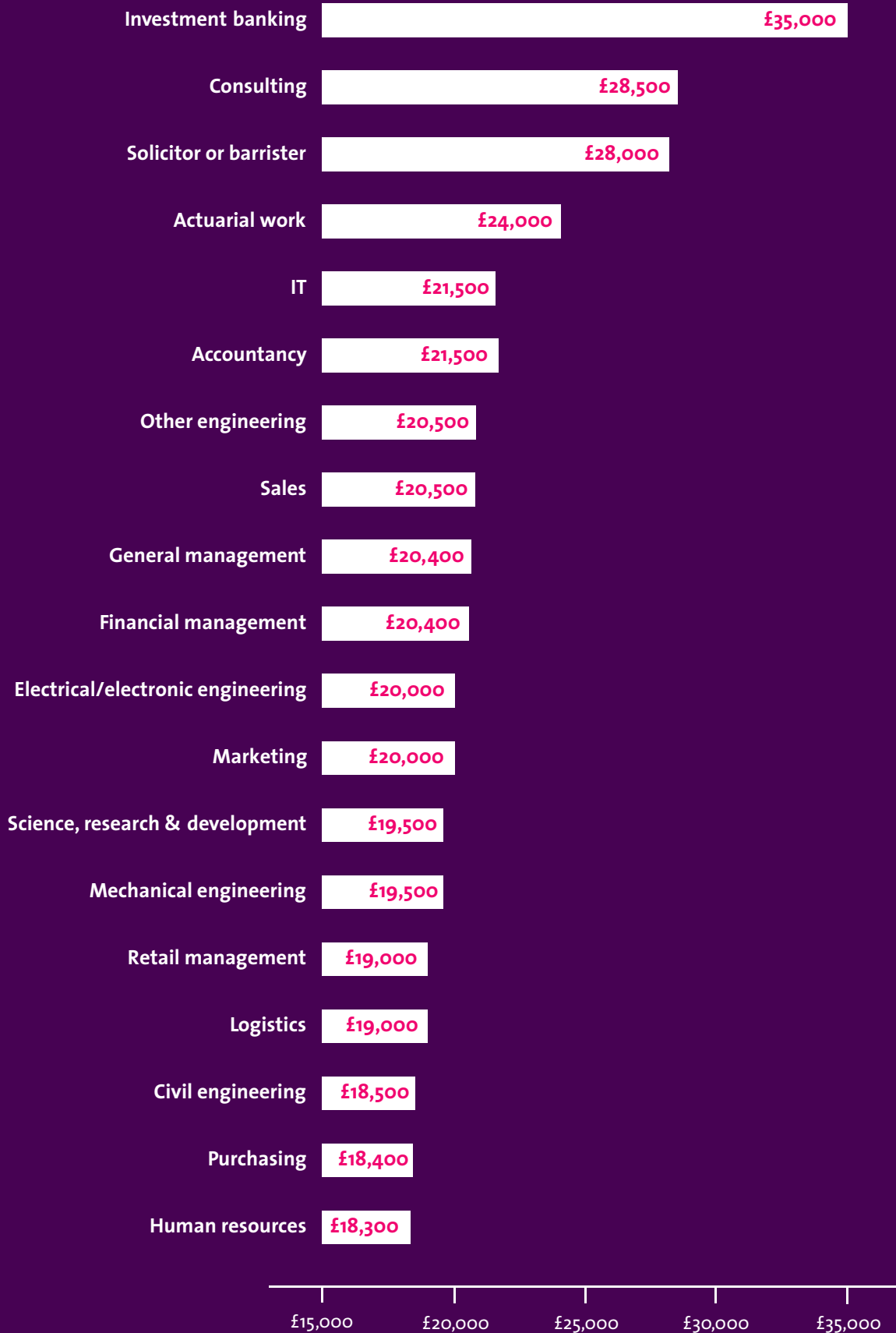
Table 3.4 Median starting salaries by type of organisation in 2002

	<i>Median Graduate Starting Salaries</i>
Investment bank or fund manager	£35,000
Consulting or business services firm	£28,500
Law firm	£28,000
Oil company	£24,800
FMCG company or food manufacturer	£22,100
Chemical or pharmaceutical company	£22,000
Telecommunications company	£21,000
Motor manufacturer	£21,000
Energy, water or utility company	£20,300
Insurance company	£20,000
IT company	£19,500
Commercial or retail bank	£19,500
Accountancy or professional services firm	£19,300
Public sector	£18,700
Retailer	£18,400
Engineering or industrial company	£18,250
Construction company	£18,000
Media company	£17,500
Transport or logistics company	£16,000

Table 3.5 Median starting salaries by location of vacancies in 2002

	<i>Median Graduate Starting Salaries</i>
London	£23,000
Northern Ireland	£20,000
South East	£19,500
South West	£18,700
North West	£18,000
Wales	£18,000
North East	£17,800
East Anglia	£17,800
Yorkshire	£17,500
Scotland	£17,000
The Midlands	£17,000
Ireland	£13,300
Europe	£24,500
USA	£35,000
Asia	-
Elsewhere in the world	-

Chart 3.6 Median graduate starting salaries by business function or career area in 2002



Source - High Fliers Research

Median starting salaries

Changes in Graduate Salaries in 2003

The modest increase in median graduate starting salaries between 2002 and 2003 is mirrored by similarly small changes in salary levels in different industries and business sectors. Salaries in thirteen industries and sectors are expecting to rise year-on-year with the biggest increases of around 6% predicted in transport or logistics companies and construction companies (see *Table 3.7*). Both these industries were amongst the lowest payers in 2002, so these increases will help bring their salaries closer to the £20,000 graduate median salary.

Seven business sectors or industries anticipate no change in their salary levels, including some of the areas with the most vacancies such as accountancy or professional services firms, law firms, and investment banks or fund managers. It is worth remembering that these sectors already paid well above-average salary rates for new graduates in 2002, so their remuneration is likely to remain competitive for 2003.

Measured by location, salaries for new graduates are set to rise in all parts of the UK in 2003 except London (see *Table 3.8*). The strongest salary growth is likely to be in the Midlands, East Anglia, the south east of England, and Wales where levels are expected to rise by at least 6%. The 8% increase in salaries in the Midlands is particularly welcome as this part of the UK had one of the lowest median starting salaries in 2002.

For graduates starting work in 2003 in different job functions, there are some minor changes in salary levels predicted (see *Chart 3.9*). Employers recruiting for vacancies in logistics, human resources and purchasing are planning to pay up to 5% more than in 2002, but for most other areas the anticipated growth is just 1 or 2%. There is no expected change in median starting salaries for eight of the functions profiled, including the area with the largest number of graduate vacancies, chartered accountancy.

Table 3.7 How salaries have changed in 2003, by type of organisation

	% change in median starting salaries
Transport or logistics company	UP 6.3%
Construction company	UP 5.6%
Motor manufacturer	UP 4.8%
FMCG company or food manufacturer	UP 3.6%
Engineering or industrial company	UP 3.6%
Retail	UP 3.3%
Media company	UP 2.9%
Public sector	UP 2.7%
Commercial or retail bank	UP 2.6%
IT company	UP 2.6%
Insurance company	UP 2.5%
Telecommunications	UP 2.4%
Chemical or pharmaceutical company	UP 2.3%
Accountancy or professional services firm	NO CHANGE
Energy, water or utility company	NO CHANGE
Oil company	NO CHANGE
Law firm	NO CHANGE
Consulting or business services firm	NO CHANGE
Investment bank, fund manager	NO CHANGE
Media company	NO CHANGE

Table 3.8 How salaries have changed in 2003, by location of vacancies

	% change in median starting salaries
The Midlands	UP 8.2%
East Anglia	UP 6.7%
South East	UP 6.7%
Wales	UP 6.1%
Ireland	UP 5.3%
North West	UP 5.0%
Northern Ireland	UP 5.0%
North East	UP 3.9%
Yorkshire	UP 2.9%
Scotland	UP 2.4%
South West	UP 2.1%
London	NO CHANGE
Europe	NO CHANGE
USA	NO CHANGE
Asia	-
Rest of the World	-

Chart 3.9 How median salaries have changed in 2003, by business function or career area



Percentage change in median graduate starting salaries between 2002 and 2003

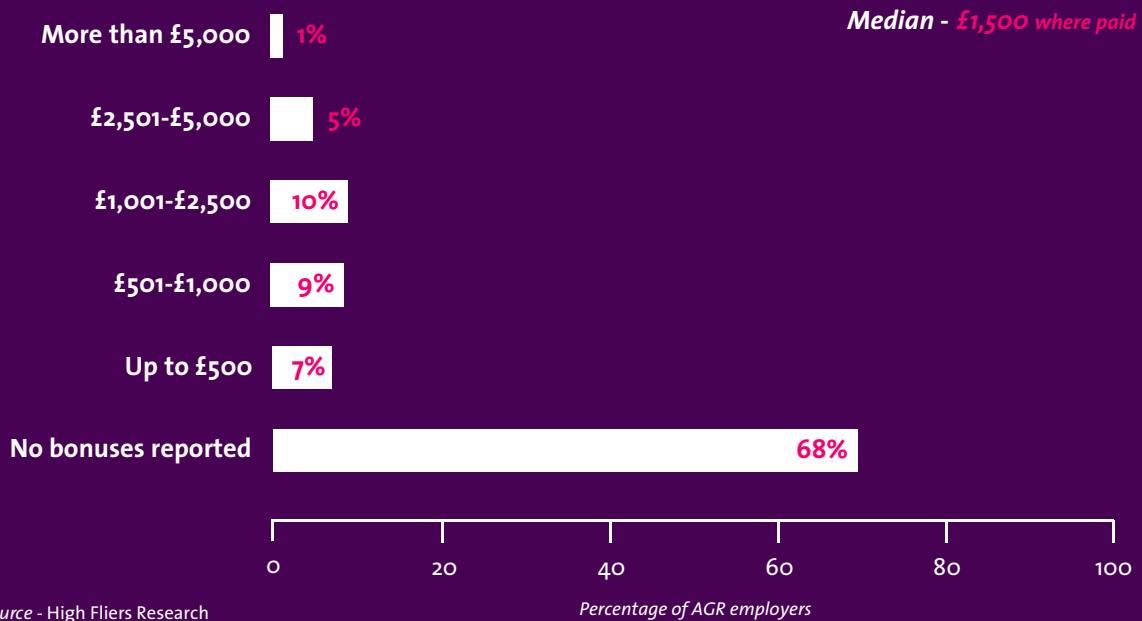
Source - High Fliers Research

Initial Bonuses for Graduates in 2003

Finally, it is worth remembering that many employers offer new graduates an initial bonus or payment either at the time of accepting their first job or when they start work. At a time when student debts continue to rise very sharply, financial assistance of this kind from graduate employers can make a very significant difference to graduates' finances.

A third of AGR employers reported paying some form of 'sign-up' bonus or 'starting-work' payment. The amount varied very considerably from less than £500, to the £10,000 bonus paid by one well-known major employer. The median level recorded for 2003 was £1,500.

Chart 3.10 Initial bonuses for new graduates on offer from AGR employers in 2003



Chapter 4

Graduate Recruitment Marketing

Introduction

The final part of *The AGR Graduate Recruitment Survey 2003* examines the way AGR employers spend their marketing budgets in an effort to attract applications for their graduate vacancies. This is a new innovation for the AGR and is the first time that the organisation has attempted to profile the graduate recruitment activities of its full membership.

The survey asked employers about their spending on six key graduate recruitment promotions during the current 2002-3 recruitment season (referred to as '2003'), compared with spending in the previous year 2001-2 (described as '2002' throughout). The six areas were employers' own graduate recruitment brochures, their own graduate recruitment websites, graduate recruitment advertising, online graduate recruitment promotions, attending graduate careers fairs, and on-campus presentations.

AGR employers' responses to these questions were somewhat mixed and a number of recruiters were either unable to provide data about their marketing activities or were not prepared to divulge information about their organisations. This means that the survey cannot accurately determine how many employers used each of the promotions under consideration. The results do, however, provide a full account of the marketing spend that AGR employers declared for each activity, a notional 'total spend' for recruiters in 2003 and 2002, and an estimate of the median 'cost per graduate vacancy' for graduate recruitment marketing.

The survey uses the 'median' value to compare different spending levels and throughout this section the median value is calculated by taking the 'mid-point' spending for the employers being considered. For example, to determine the median spending for twenty-five different employers who used a particular promotion, the median spending is calculated to be the 13th highest spend (the mid-point) of the 25 individual budgets.

Key Findings

AGR employers' spending on graduate recruitment marketing activities have been profiled for the first time:

- The median amount spent by AGR employers on their individual graduate recruitment brochure in 2003 was £16,000, with a further £12,000 for their graduate recruitment website.
- Spending on graduate recruitment advertising in careers publications and other paper-based titles was a median of £20,000 in 2003. A median of £8,600 spent on online promotions.
- Employers who attended graduate careers fairs and on-campus presentations spent medians of £8,000 and £5,000 respectively.
- The total amount spent on graduate recruitment marketing by AGR employers in 2003 was a median of £53,500, up 3% on spending in 2002.
- The median 'marketing spend per graduate vacancy' was £1,500 in 2003 although the survey reported spending of nearly double this for public sector recruiters and FMCG companies.

Spending on Brochures & Websites

The results show that having a graduate recruitment brochure is still one of the most significant expenses for employers (see *Chart 4.1*). Although spending varied enormously in 2003, the median cost of producing an individual brochure was £16,000, a fifth lower than 2002. One third of recruiters managed to produce their brochures on a budget of £10,000 or less. A further third of employers spent at least £25,000 on their literature and the six highest-spending employers – two public sector recruiters, two law firm, one of the larger professional services firms, and an industrial company – devoted £100,000 or more of their budgets to their annual brochure.

Spending on individual recruitment websites also varied considerably between AGR employers in 2003 (see *Chart 4.2*). The median cost was £12,000 for the year and again this level was a fifth lower than like-for-like spending in 2002. More than one in five employers spent £5,000 or less on their recruitment website whilst a third of recruiters reported spending more than £25,000 this year on their websites. Overall, more employers provided data for their graduate recruitment website spending than did so for a graduate recruitment brochure, suggesting that fewer employers were using brochures in 2003.

Spending on Advertising & Online Promotions

The survey recorded a very wide range of costs for graduate recruitment advertising from less than £1,000 for several smaller recruiters, to more than £100,000 for nine AGR employers (see *Chart 4.3*). The advertising was spread between careers directories (such as *Prospects Directory*, *The Times Top 100 Graduate Employers*, the *Hobsons Directory 2003* etc), career sector guides (such as the GTI *Target* series), careers periodicals (such as *Real World* magazine), trade journals, national newspapers and local publications (such as student newspapers, careers service guides etc).

The median spending in 2003 was £20,000 which is unchanged from 2002, but it is evident that the proportion of recruiters' advertising budgets allocated to different kinds of publication did change. In particular, advertising in careers directories and sector publications increased, whilst spending in national newspapers declined.

AGR employers generally spent rather less on their on-line promotions than their advertising in publications but it is clear that this remains a growing area of expenditure (see *Chart 4.4*). The median spend on promotions on commercial websites (such as *Monster*, *Prospects*, *DoctorJob* etc), university websites, and email services (such as *Milkround Online*, *TargetedGrad* etc) was £8,600 – approximately a quarter higher than the amounts spent in 2002. At the top end of recruiter spending, over 10% of AGR employers who used online promotions have spent at least £25,000 during 2002.

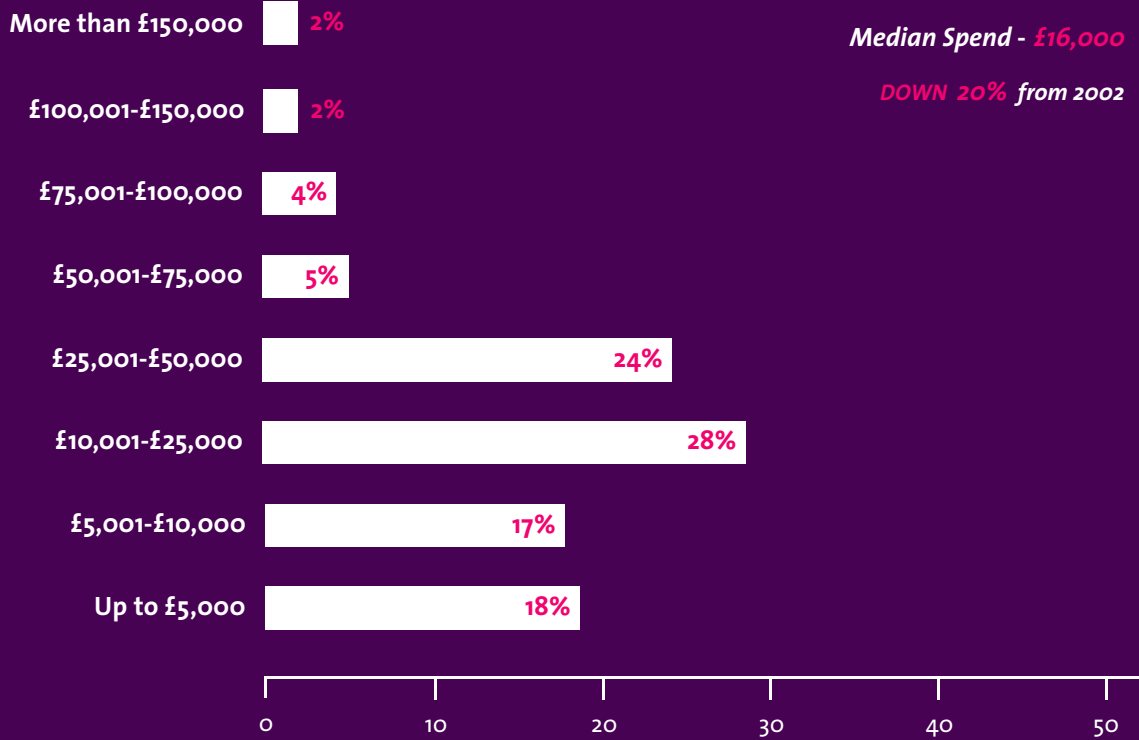
Spending on Careers Fairs & On-Campus Presentations

Whilst only around half of AGR employers who participated in the survey reported spending their budgets on graduate careers fairs and fewer still provided data about on-campus presentations, those who did participate in university recruitment events used a significant proportion of their marketing budgets on making these activities a success (see *Charts 4.5&4.6*). The median spend for careers fairs in 2003 was £8,000 (unchanged on 2002 levels) and presentations was £5,000 (up 11% on 2002 levels).

The cost of individual events and the associated spending varied very considerably for different employers and different kinds of events. Spending at individual university careers fairs generally accounted for a few hundred pounds per event, although regional or national fairs could account for several thousand pounds worth of budget.

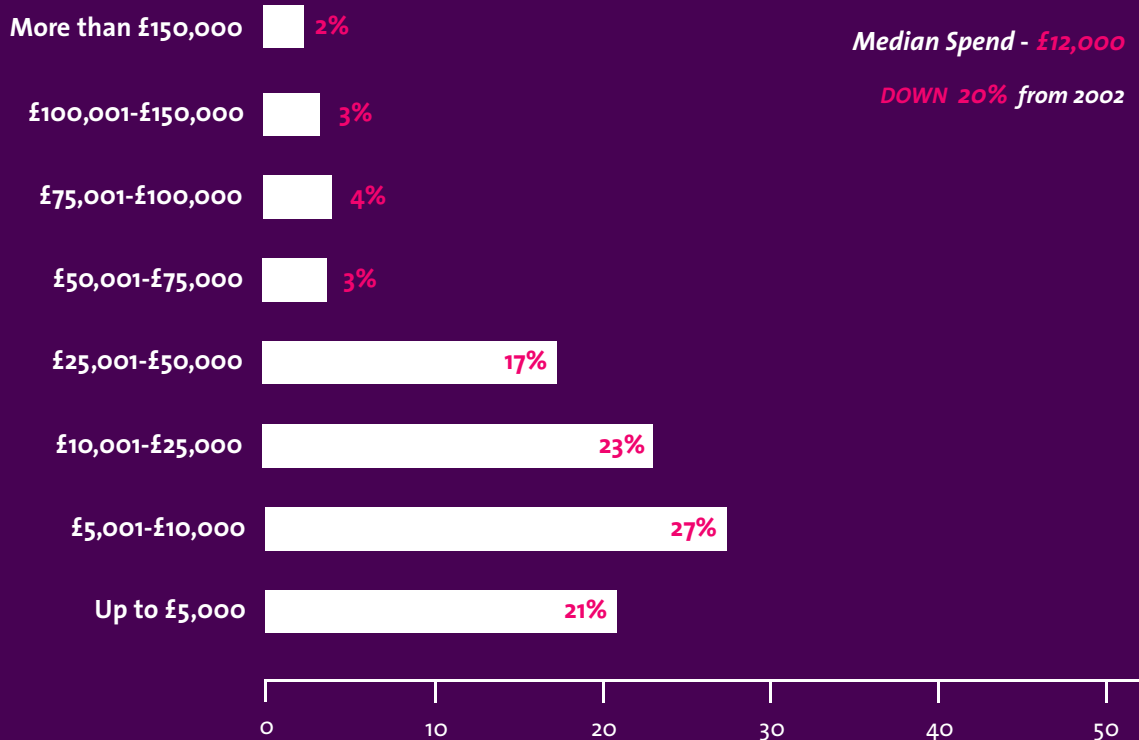
Similarly for on-campus presentations, some employers reported spending no more than £250 per university event, whilst others declared spending up to £5,000 or more on single presentations.

Chart 4.1 AGR employers' spending on their graduate recruitment brochures in 2003



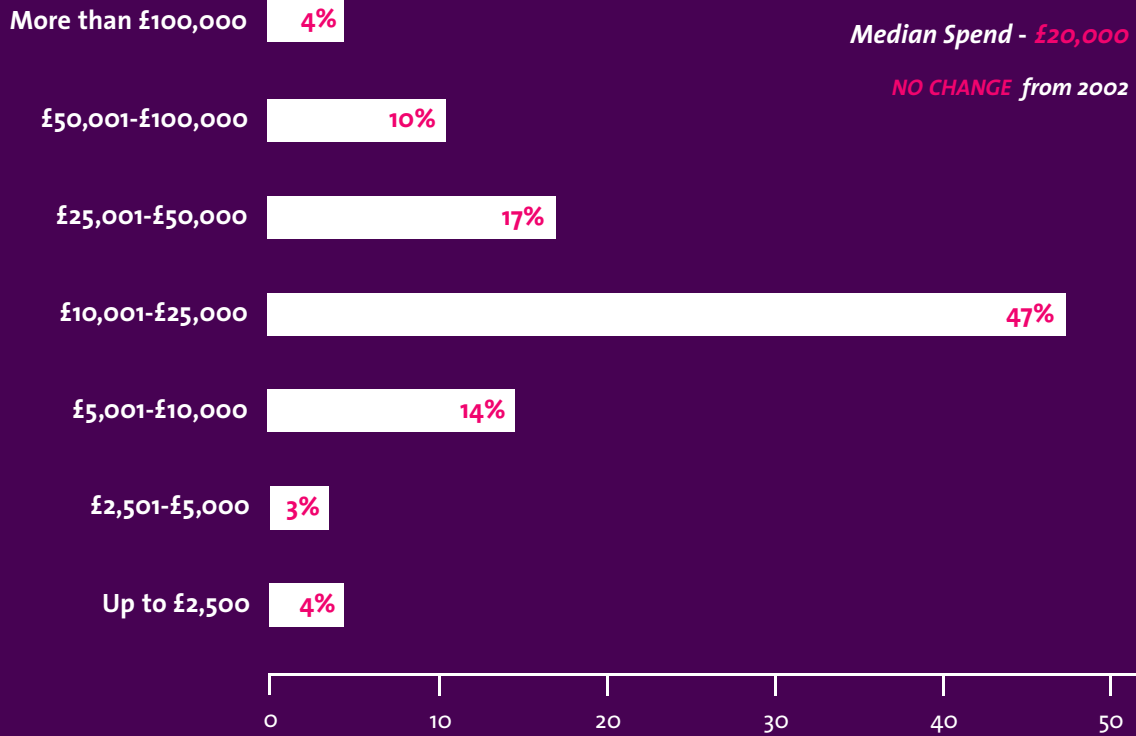
Source - High Fliers Research

Chart 4.2 AGR employers' spending on their graduate recruitment websites in 2003



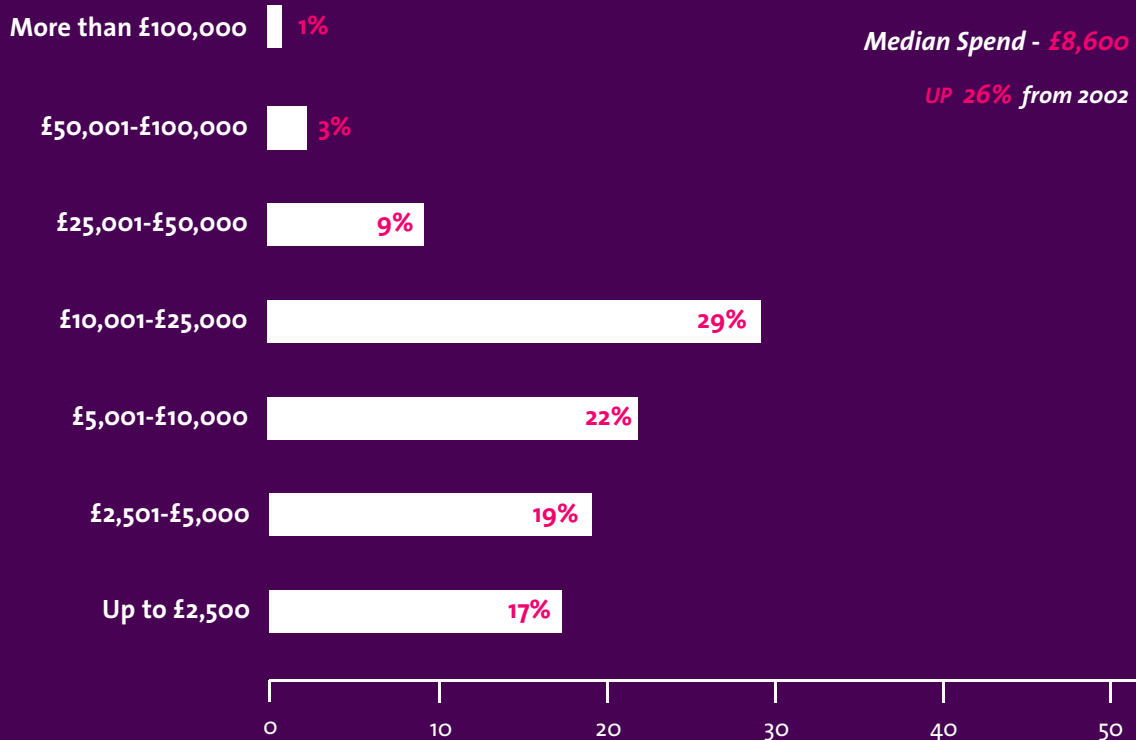
Source - High Fliers Research

Chart 4.3 AGR employers' spending on graduate recruitment advertising in 2003



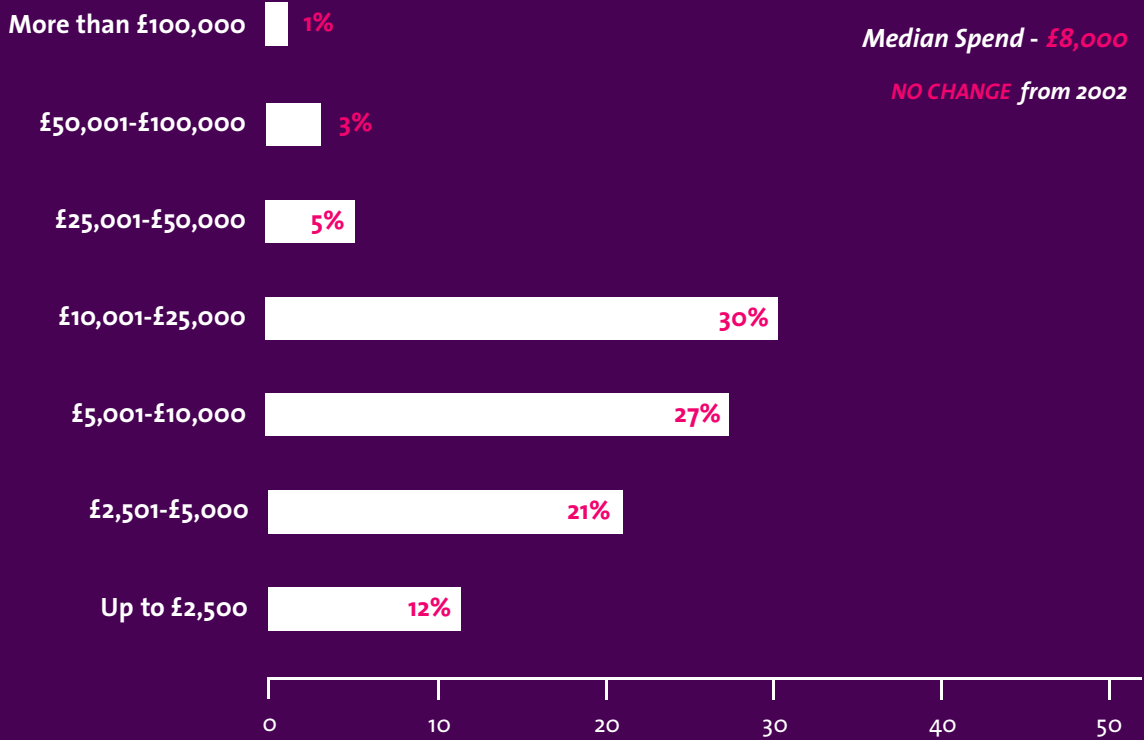
Source - High Fliers Research

Chart 4.4 AGR employers' spending on graduate recruitment promotions online in 2003



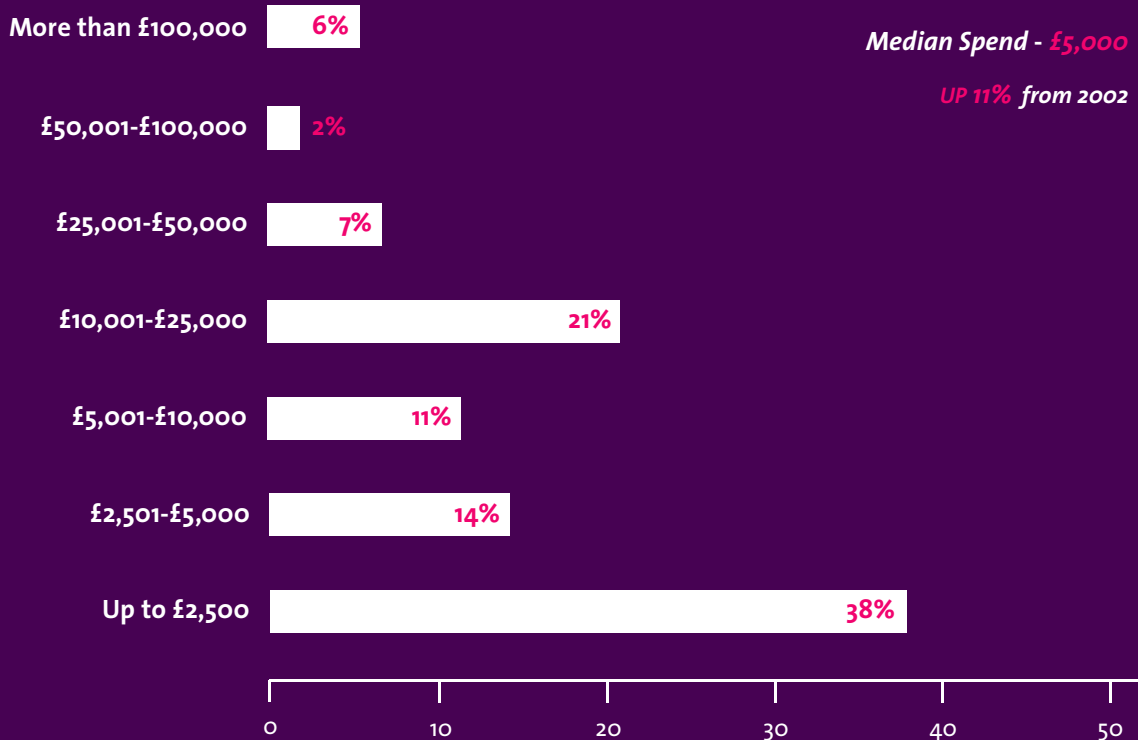
Source - High Fliers Research

Chart 4.5 AGR employers' spending on attending graduate careers fairs in 2003



Source - High Fliers Research

Chart 4.6 AGR employers' spending on holding their own campus presentations in 2003



Source - High Fliers Research

Total Marketing Spending in 2003

With such tremendous variation in the scale of graduate recruitment between AGR employers, it is unrealistic to attempt to provide an absolute ‘benchmark’ figure for total spending on marketing. It is, however, possible to show the range of spending that AGR employers have been involved with for their combined marketing activities during 2003, and the comparative data from 2002.

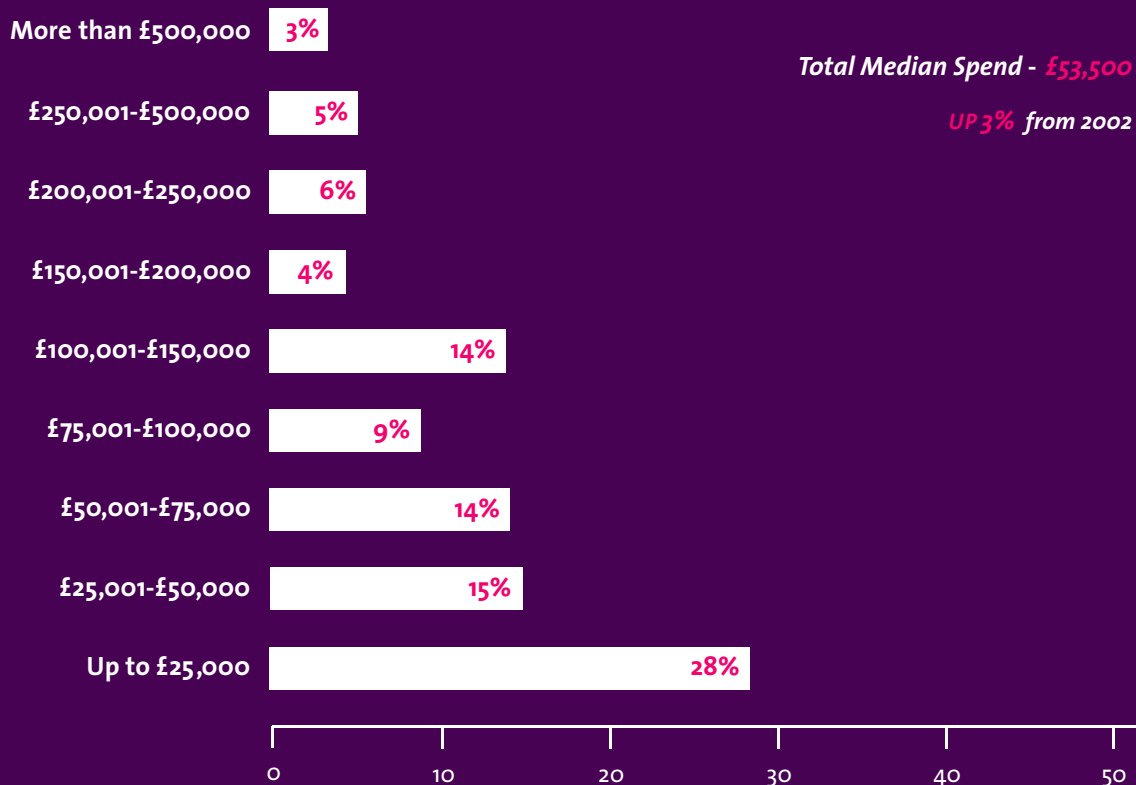
This total is calculated from the declared spending for their graduate recruitment brochure, website, advertising, online promotions, careers fairs and presentations. It does not take account of any staff costs or departmental overheads, nor does it include any other promotions that employers may have run during their recruitment round outside of the six key areas listed.

Overall, the median total spending level for graduate recruitment marketing in 2003 was £53,500 up just 3% on declared spending in 2002 (see *Chart 4.7*). This includes a quarter of employers who spent £25,000 in 2003 on all their marketing activities and one in twelve organisations who have spent ten times this amount – over a quarter of a million pounds – for the same recruiting season.

When these results are analysed to take into account the number of vacancies that employers are recruiting for, it is possible to determine an indication of the ‘marketing spend per vacancy’ levels for each employer (see *Chart 4.8*). This analysis shows a huge variation in the ‘spend per vacancy’ between AGR recruiters, from just a few hundred pounds per graduate to well over £7,500 spent marketing each vacancy. The median level for ‘marketing spend per vacancy’ in 2003 is £1,500, down 1% on 2002.

Comparing median spending levels for employers in individual industries or business sectors, it is evident that there are tremendous differences in marketing budgets (see *Chart 4.9*). The highest costs reported are for FMCG companies, public sector employers, investment banks, law firms, and energy, water & utility companies. The lowest ‘marketing spend per vacancy’ was for accountancy or professional services firms where higher volumes of graduates often helped reduce the median spend.

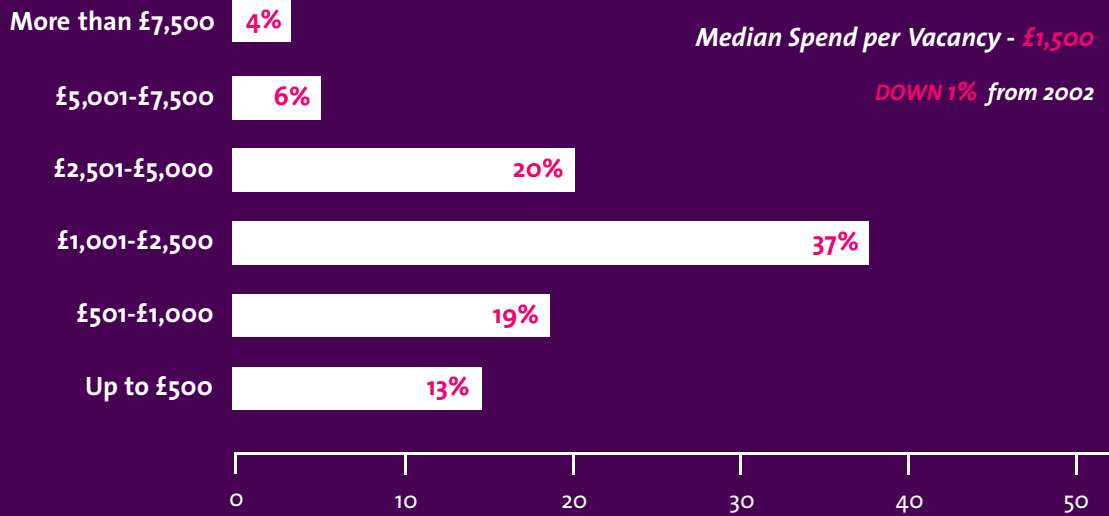
Chart 4.7 AGR employers’ total spending on graduate recruitment marketing in 2003



Source - High Fliers Research

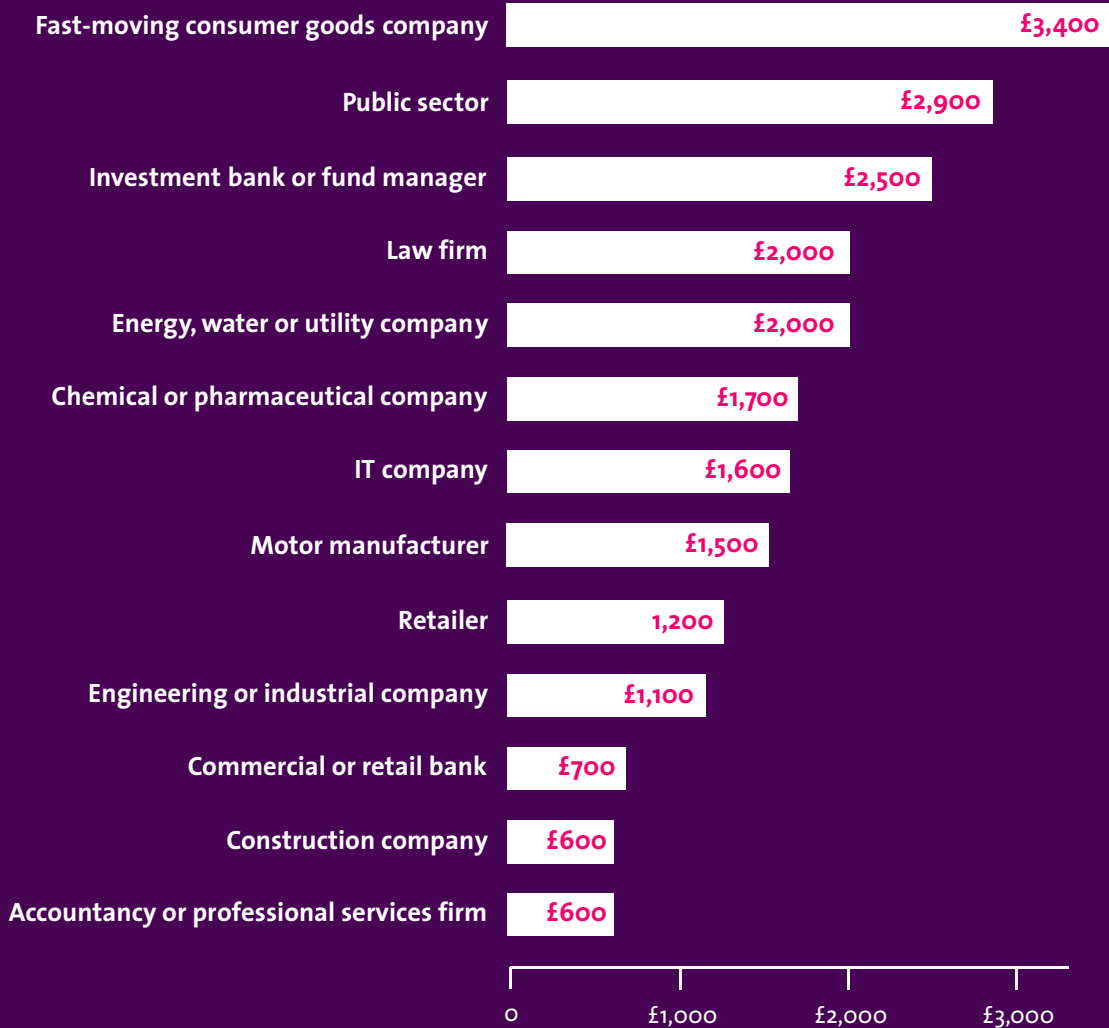
Percentage of AGR employers who provided information about their spending in 2003 & 2002

Chart 4.8 AGR employers' spending per vacancy on graduate recruitment marketing in 2003



Source - High Fliers Research

Chart 4.9 Median spending per vacancy on graduate recruitment marketing in 2003, by industry



Source - High Fliers Research

Perceptions of the Current Graduate Market

The last question of the survey asked AGR employers about their experience so far during the 2002-3 graduate recruitment season, to try and determine the current outlook amongst university students and graduate job seekers.

The results show that almost half of all employers questioned felt that they'd had a larger audience for their campus promotional events (such as university presentations or careers fair stands) so far this season, compared to a year ago (see *Chart 4.10*). A third believed they'd had similar audiences and just a fifth thought few students had participated in events.

In terms of applications for graduate positions, nearly 60% of AGR employers reported receiving more applications so far this year although a limited number of engineering, industrial, manufacturing and IT recruiters believed they'd had a drop in applications (see *Chart 4.11*).

Chart 4.10 AGR employers perceptions of attendances at their campus events so far in 2003

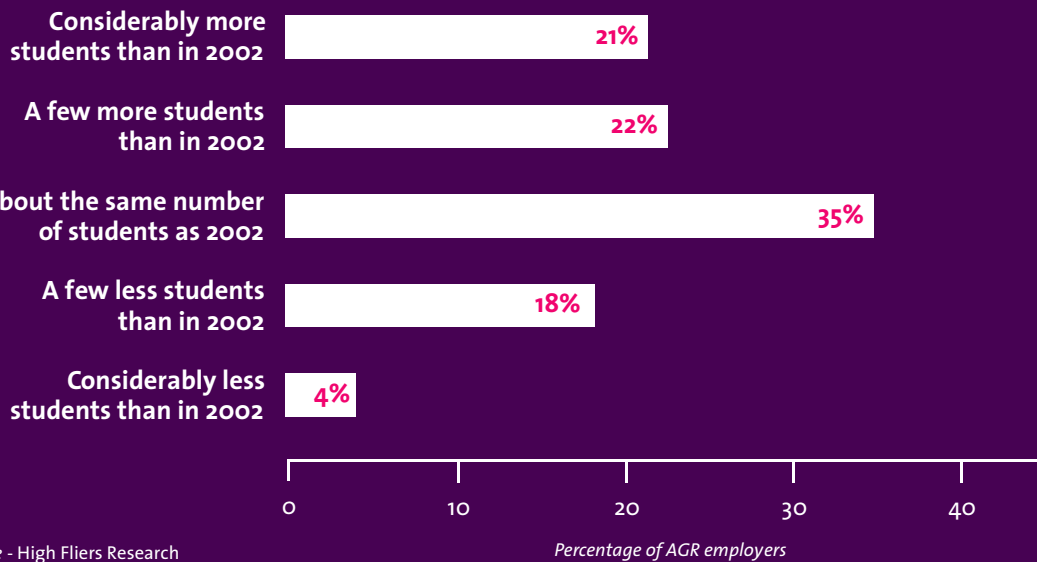


Chart 4.11 AGR employers perceptions of application levels from graduates so far in 2003

