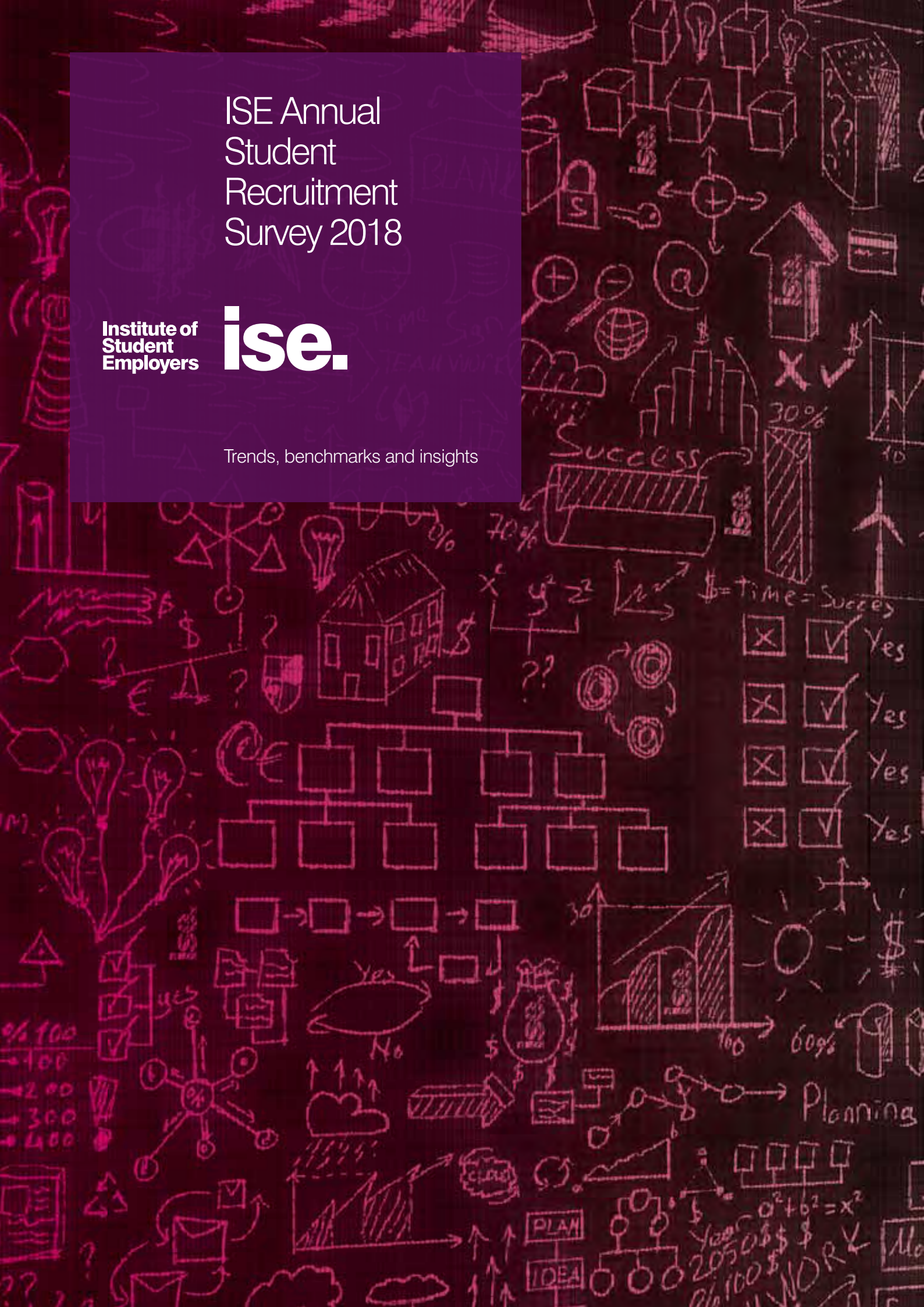


# ISE Annual Student Recruitment Survey 2018


Institute of Student Employers

**ise.**

Trends, benchmarks and insights







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# Contents

- 4 Foreword
- 6 Executive summary
  
- 12 Section 1:  
Introduction
  
- 16 Section 2:  
Strategic approaches to recruitment
  
- 22 Section 3:  
Attracting candidates
  
- 28 Section 4:  
Recruitment and selection processes
  
- 34 Section 5:  
Internships
  
- 36 Section 6:  
Apprenticeship and school leavers
  
- 38 Section 7:  
Graduate hires
  
- 44 Section 8:  
Conclusions
  
- 46 References



## Foreword





Stephen Isherwood

Welcome to the ISE's Annual Student Recruitment Survey 2018, our annual report on the UK student recruitment market from the perspective of the ISE's employer members. And welcome to the first report created by the ISE's new Chief Research Officer, Tristram Hooley – you'll hear much from him over the coming months.

Despite economic concerns around Brexit and the global trading climate, recruitment volumes have increased. Employers are hiring more graduates, apprentices and interns. For ISE members, apprentice hiring is increasing at a faster rate than graduate hiring, in contrast to all-employer national trends. This is likely because a typical ISE member takes a structured approach to early talent hiring and is committed to engaging with young talent.

However, over half of responders also report that they are looking to reduce the cost of their recruitment operations. Employers are naturally cautious in times of uncertainty and the report's findings reflect many of the conversations I have had with employers and suppliers who highlight the pressure on recruitment functions to deliver greater efficiencies. I don't see this situation changing until the Brexit negotiations are concluded.

Diversity continues to be a significant priority for members. Hardly surprising as on almost every diversity measure, the average graduate intake does not reflect either the graduating cohort or the UK's population demographic. Female, BAME, state-schooled and disabled students are all under-represented on our graduate programmes. We must find the means to recruit the talent that exists within the breadth of the student body.

So, thank you to the ISE members who took the time to compile and submit their organisation's data. Please take the time to digest the valuable information in this report. You'll find meaningful insights into our market that will help you improve your strategies and organisational performance.

**Stephen Isherwood**, Chief Executive, ISE



## **Executive summary**

**This report explores employer strategies and behaviour in relation to recruiting young workers. It is based on the responses of 138 members of the Institute of Employers who collectively brought 32,202 young people into their businesses during 2017/2018. This executive summary sets out the key findings of the research.**

#### **Strategic approaches to recruitment**

- **Young people are valued by employers.**

Collectively employers report that they are recruiting more graduates, apprentices and placement students than they were last year. Employers continue to recruit young people and to invest in recruitment processes to enable them to do this. Almost all of our respondents (96%) are involved in recruiting graduates and more than half (68%) are now involved in recruiting apprentices and school leavers direct. Most are also bringing in summer interns (65%) and year-long placements (53%).

- **Graduates are only part of the picture.** Our respondents report that they are recruiting more apprentices than last year and that the rate of apprentice recruitment is growing faster than that of graduates. However, they also report challenges in spending the apprenticeship levy. This shows that the recruitment of young workers has diversified with many employers now looking beyond the graduate market. If the issues with the levy can be worked out there is a good chance that the focus on apprenticeships as an entry route will accelerate over the next few years.

- **Employers want to increase the diversity of their workforce.** At present, respondents report that those who have attended state schools, women, first generation graduates and disabled people are the most under-represented groups. However, employers are concerned about this and eager to address it. Almost all employers (96%) are prioritising diversity, with the majority (68%) giving a high priority to at least one diversity issue. Diversity is valued for a range of reasons, but most importantly because employers believe that it will give them access to the best talent. Most employers are changing their attraction and marketing activities (77%) and recruitment processes (67%) to address concerns about diversity.

- **Employers need to resource recruitment activities.** Recruitment is expensive and around half of employers (54%) are actively trying to reduce the costs incurred during hiring. On average, employers have a team of around 6 people to run their recruitment. This team is typically supplemented with 3 external staff. In addition to staffing, employers are also spending an average of £2,189 for every new hire. The resourcing that is allocated to recruitment varies considerably by sector.



- **Employers are concerned about the future.** Many respondents are planning changes to the way that they organise their recruitment in the future. Most commonly, they are concerned about making changes to address diversity, but they also report concerns about the budgetary constraints that they are facing in their recruitment activities and about the complexity of managing candidate expectations and multiple recruitment routes.

#### **Attracting candidates**

- **Most employers run clearly structured recruitment campaigns.** Running a single campaign is the most popular approach (70%) with most opening these campaigns in the autumn or earlier and 81% of offers being made by Easter.
- **Apprenticeship recruitment is organised differently to graduate recruitment.** Apprentices are more likely to be recruited ad hoc or via a rolling campaign.
- **Employers focus their recruitment on the UK.** Some are open to international recruits and this results in 5% of hires coming from the European Economic Area and 3% from the rest of the world.
- **Employers offer a range of reward packages as part of their attraction strategies.** These include pension schemes, permanent contracts, on the job perks and sign-on bonuses amongst

other benefits. The packages for graduates and apprentices are similar, but the package for graduates is typically more attractive than that offered for apprentices.

- **Employers use a range of approaches to market their opportunities to students.** While there is some evidence that they focus more on marketing to graduates, the activities that they use with both apprentices and graduates are similar.
- **Engaging with education is a key part of employers' attraction and marketing strategy.** On average employers visit 20 universities and 19 schools. As well as engaging with education for recruitment purposes, many also get involved in wider activities aimed at supporting longer-term career transitions. Building strong links with institutional careers services is an important part of their marketing strategies.

#### **Recruitment and selection**

- **Getting hired is competitive.** Respondents report that they get 41 applications for every graduate job and 25 applications for every apprenticeship vacancy. Internships and summer placements are also highly competitive.
- **Employers are using a mix of approaches to recruitment and selection.** The overwhelming majority of employers characterise their recruitment approach as 'competency-based'



(79%) but there are also substantial numbers who favour 'strengths-based' (43%), 'values-based' (32%) and 'technical' (40%) approaches to recruitment. The majority combine more than one approach, suggesting that candidates need to be ready to answer a range of different kinds of questions and manage different selection activities.

- **Most employers set minimum requirements for entry.** Degree classification is the most common minimum requirement reported by employers (58%) but 15% use prior attainment (A levels) as a minimum requirement. 19% of employers now choose not to set any minimum requirements.
- **Employers use a similar set of recruitment and selection activities for graduates and apprentices.** They were more likely to use online applications and psychometric tests with graduates, but the only area where there was a complete difference was in the use of training providers to manage some of the recruitment for apprentices. While many use psychometric aptitude assessments, the use of personality tests is fairly uncommon (only used by 18%).
- **Most candidates accept the offers that they are given.** Respondents reported that 72% of offers that they made were accepted. 14% were turned down, 8% deferred and 7% reneged on.



“...  
**19% of employers now choose not to set any minimum requirements.**”

### Internships

- **Most employers recruit interns and placement students.** 62% of employers reported recruiting summer interns and 53% recruiting year-long placement students. This is an increase from last year.
- **On average interns and placement students are earning just under £20,000 a year.** Respondents report that they paid year-long placement students £18,277 and summer interns the equivalent of £19,552 per year.
- **Taking an internship or a placement is likely to lead to a job.** Employers reported that they rehired an average of 52% of their interns and 43% of their summer placement students.



### Apprentices and school leavers

- **Apprenticeships and school leaver programmes are increasing rapidly.** Non-graduate routes have grown 50% amongst respondents since last year.
- **Employers are still figuring out the apprenticeship levy.** While ISE members are unsurprisingly outstripping many other employers in terms of apprenticeship recruitment, respondents report that they are still only spending 15% of their apprenticeship levy.
- **Different sectors have engaged with apprenticeships to very different degrees.** Sectors like accountancy and professional services and engineering have embraced apprenticeships while others like the public sector, banking and law currently recruit very few apprentices.
- **Apprentice salaries are much lower than graduate salaries.** On average apprentices start on £16,500 while school leavers start on £15,000.

### Graduate hires

- **Graduate numbers are continuing to grow.** Respondents reported appointing 7% more graduates this year than last year.
- **Graduates employed by ISE members are well paid.** The average graduate salary reported by our respondents was £28,250. This was considerably above the overall graduate average.
- **Since 2008 graduate salaries have not kept pace with inflation.** A big fall in salaries after the economic crash means that graduates today are worse off than they were in 2008.
- **Graduates are being recruited for a wide range of roles.** Accountancy, IT and marketing are the most popular roles undertaken by graduates.
- **London still dominates as a destination for graduate recruits.** Around 40% of graduates recruited by ISE members begin their careers in London.





“...

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## Conclusions

The report finishes by posing the following questions for further research and practice.

- Will apprenticeship routes continue to grow?
- Can employers crack the diversity issues that they are concerned with?
- How will employers' overall approach to recruitment change?
- How can employers build the most effective partnerships with education?
- Will the packages offered to graduates need to change?
- Will questions of geography become more important?



**This report presents data collected during the summer of 2018 from 138 members of the Institute of Student Employers. It shows how employers are bringing young people into their businesses.**

## **Introduction**

# **1**



138

members of the Institute of Student Employers reported that they recruited 32,202 young people last year.

This report explores how employers are bringing young people into the labour market. It shows how businesses are reaching out to young people in the education system to gather the talent that they need and meet their skills requirements. It examines what infrastructure employers have in place to deliver their outreach and recruitment activities, how they attract young people, what approaches to recruitment and selection are in use and perhaps most importantly what packages are on offer to young people as they enter the labour market for the first time. The report presents data collected during the summer of 2018 from 138 of the Institute of Student Employers' members.

Respondents to the survey reported appointing 17,667 graduates which is approximately 10% of the total number of working graduates and 13% of those graduates working in professional level roles.<sup>1</sup> They also reported appointing 6,265 apprentices and school leavers which is about 2% of the people under 25 starting an apprenticeship.<sup>2</sup> These figures show that we are capturing the employer perspective on a substantial proportion of young people at the entry-point to the labour market. In particular the findings in this report are strongly indicative of the experience of larger employers who are recruiting skilled young people.

2018 is a good time to take stock of how the recruitment of young people looks and to consider what it means for those currently entering the labour market. We are now 10 years after the 2008 financial crisis. Looking back to our equivalent report in 2008 we found that employers were in an optimistic mood reporting substantial growth in the number of graduates that they were recruiting and predicting either no change in their annual recruitment levels or further growth over the next year. But, just as the report was being launched, Lehman Brothers collapsed and we experienced a global crisis in the banking system followed by a recession. Unsurprisingly our findings in 2009 were considerably gloomier with recruitment down and salaries flat. Yet, by 2011 the situation had started to level out. 2014 then saw a substantial upturn as employers decided that the recession was over (at least in terms of graduate recruitment). Things haven't all be plain sailing since then but, in last years' report we reported modest growth in the graduate market and a steeper growth in the number of apprenticeships.<sup>3</sup>

The predictions of a collapse in the market for graduates and other skilled young people have not come to pass. Although, as the Intergeneration Commission recently argued, young people have borne more than their fair share of the negative aspects of the recession since 2008, this has often played out in terms of poor salary growth rather than falling employment.<sup>4</sup>

<sup>1</sup> Based on the 184,295 graduate workers and 136,060 professional workers reported during 2016/2017 in the HESA Destination of Leavers of Higher Education 2016/17. Analysis by Graduate Prospects.

<sup>2</sup> Based on 263,000 apprenticeship starts for under 25s during 2016-2017. Reported in Powell, A. (2018). *Apprenticeship statistics England*. London: House of Commons Library.

<sup>3</sup> All research published by the Association of Graduate Recruiters (AGR) and the Institute of Student Employers is available to members of the Institute from <https://ise.org.uk/>.

<sup>4</sup> Intergenerational Commission. (2018). *A new generational contract*. London: The Resolution Foundation.



Given this, it is important that people who are concerned with the careers of young people continue to pay attention to the labour market prospects of those who are currently in education or who have recently moved into work. There are also other good reasons for attending closely to how young people are integrating into the labour market. Recruitment, and particularly the recruitment of young people, is highly sensitive to changes in the economic climate. Long before employers consider laying anyone off, it is easy to turn down or temporarily suspend the recruitment of new entrants to the labour market. Similarly, in boom times it is relatively easy to turn up the volume of existing recruitment channels to meet new skills and labour needs, but far more difficult to develop completely new recruitment channels.

Our survey shows that attracting and recruiting talent doesn't just happen. Employers have to develop strategy and put in place appropriate resourcing in order to recruit both high volume and high quality staff. Consequently, it is important to review the patterns that emerge in this part of the labour market both from the perspective of the immediate needs of student employers and students themselves, but also because they can sometimes serve as the 'canary in the coal mine' for wider economic and labour market trends.

As we go to press with this report the big unknown is how the Brexit negotiations will develop and ultimately be resolved. Like many others, we at the Institute of Student Employers are watching Brexit unfold and considering what its impact, for good or ill, will be, both on the wider economy, and on the recruitment of young people into the labour market. This report provides valuable data about how a wide range of employers are behaving with respect to one of the key aspects of future business planning – that of bringing new talent into their organisations.

“...  
This report provides valuable data about how a wide range of employers are behaving with respect to one of the key aspects of future business planning – that of bringing new talent into their organisations.”

## How the study has been conducted

Employer responses for this survey were captured via a web-link open for four weeks in July and August 2018. An invitation to complete the survey was emailed to main contacts at 294 employer members. 138 responses were received. Only submitted surveys were analysed, 35 responses were filled out but not submitted, and in line with General Data Protection Regulations (GDPR), these were not analysed. Following data cleaning 138 valid responses were analysed in full. This represented 17 sectors and employers recruiting 32,202 young people.

Responses were analysed in Excel using descriptive statistics. Wherever possible, specific values perceived to be outliers (e.g. 100% above the next highest value in a particular sector) were checked with responding employers and updated, or excluded from the analysis. To ensure reliability of the trends and to maintain the anonymity of respondents, the minimum threshold for reporting on a sector is three employer responses.

## Structure of the report

In this report we will be exploring these issues through eight chapters. We will begin by looking at organisations' strategies around recruitment, asking how they are balancing the different types of recruits, whether they are prioritising diversity and what infrastructure they have put in place internally to manage their recruitment.

We will then move on to look at the actual process of attracting candidates and then the approaches to recruitment and selection that are in place. Following this examination of the process of recruitment we will look at the outcomes of recruitment, looking at who businesses are hiring and what packages they are offering them. We will explore this by looking first at the experience of short-term hires (interns and placement students), then by looking at apprentices and school-to-work schemes. Finally, we will focus in on the graduate market.



“...

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## Strategic approaches to recruitment

# 2





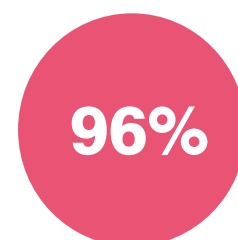
This section explores the strategy that underpins employers' approaches to the youth labour market. It looks at the type of recruitment routes that they are involved in, explores their approach to diversity and examines the internal resources that they have in place to undertake this recruitment. It also looks at some of the challenges that employers are anticipating for the future.

## Managing different types of recruitment

Employers continue to see value in the recruitment of young people and to invest heavily in ensuring that they are able to recruit young people. The 138 employers involved in this research collectively brought 32,202 young people into their businesses during 2017/2018. Figure 2.1 shows how this broke down across different kinds of hire.

Figure 2.1  
Hires in the 2018 recruitment season (Based on responses from 133 employers)

Type of hire	Hires in the 2018 season	Proportion of employers hiring 2018
Graduates	17,667	96%
Apprentices (overall)	5,499	54%
Summer interns	5,926	66%
Year-long placements	2,350	54%
School leavers direct entry	766	12%

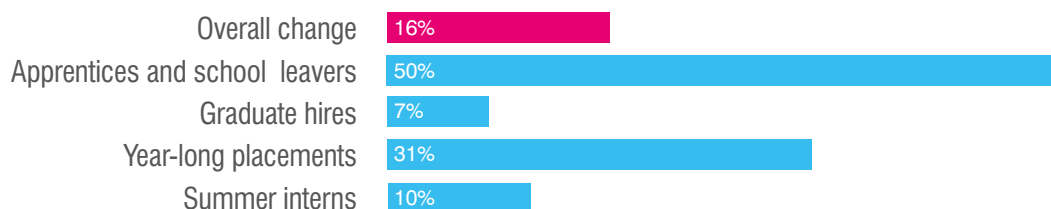


of respondents are recruiting graduates, but graduates are not the only type of hire.

Almost all of our respondents (96%) are involved recruiting graduates and more than half (54%) are now involved in recruiting apprentices with 12% recruiting school leavers direct entry. As there is a very small overlap between those reporting recruiting apprenticeships and those reporting school leavers direct entry, it seems likely that these two streams of recruitment will merge into one as the apprenticeship levy becomes more established. Most respondents are also bringing in summer interns (65%) and year-long placements (53%). While many of these employers regularly employ postgraduates, very few (9%) offered a specific or advantageous reward package for postgraduates.

On average our respondents were recruiting more of all types of hires in 2018 than 2017. Figure 2.2 shows the proportion change against each of the types. It shows that apprenticeship and school leaver programmes are growing more rapidly than graduate hires.

Figure 2.2  
Change from 2017 to 2018 recruitment season (Based on responses from 126 employers)



The introduction of the apprenticeship levy was designed to engage employers further in the recruitment of apprentices. When he introduced the levy, the then Chancellor, George Osborne, described the levy as a 'bold step' which would incentivise those companies 'who leave the training to others and take a free ride on the system' to engage with the apprenticeship system.<sup>5</sup> For the respondents to our survey this plan seems to be working as the numbers of apprentices that they are taking on has gone up substantially since last year. Indeed the number of apprentice and school leaver hires is growing much faster than the number of graduates. This in contrast to the national picture where apprenticeship numbers have fallen since the introduction of the levy.<sup>6</sup> However, there are still a number of outstanding issues with the implementation of the levy which were revealed by respondents. On average they reported that they were only currently spending 15% of their apprenticeship levy. Some cited problems in getting access to the levy money, while others reported that although their levy usage was low this year, they expected that it would rise in the future. Given this we might anticipate further growth of apprenticeships in the future.

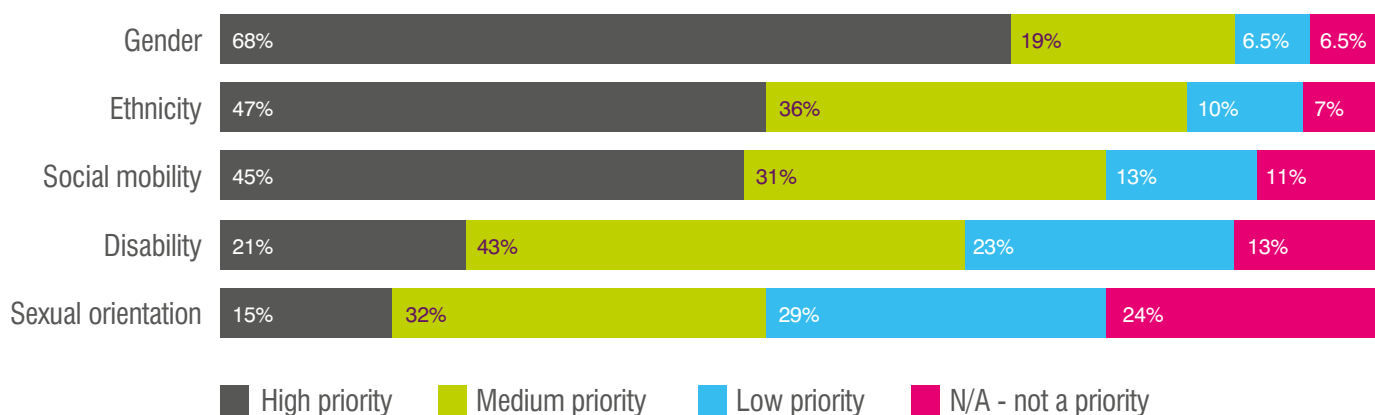
The recruitment of young talent is a complex endeavour with employers weaving together all of these different routes in order to meet their needs. As these findings illustrate employers are now a long way from viewing university graduates as the only way in which employers' high level skills and labour needs can be met. There were some concerns about the complexity of the recruitment environment, with around 17% of the respondents to this survey admitting that their company found it difficult to manage all of these different recruitment streams.

## Diversity

Employers are deeply concerned with who they recruit and how the new talent that they are taking on relates to the wider population. We asked respondents how far they were prioritising issues of diversity in their recruitment. We highlighted five diversity issues (gender, social mobility (class), ethnicity, disability and sexual orientation) and asked them to indicate what level of priority they were giving to each of these. Figure 2.3 shows their responses.

Figure 2.3

**Employers priorities on diversity issues in recruitment** (Based on responses from 134 employers)



We also asked employers about a sixth area, whether they were supporting mental well-being as part of their student recruitment processes. 85% of employers said that mental well-being was a priority with 34% viewing it as a high priority.

Taken together these responses suggest that employers are very keen to develop their recruitment to address concerns about inequality and a lack of diversity in recruitment. 96% of respondents reported prioritising one or more of these issues. This aligns with wider concerns that the entry point to the labour market is one of the key moments when inequality is reproduced and can potentially be challenged.<sup>7</sup> Consequently, the majority (68%) of employers are giving a high priority to at least one of these diversity issues, while 15% of employers are highly focused on diversity issues and are viewing four or more of these areas as a *high* priority.

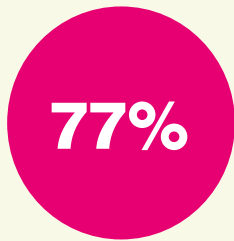
<sup>5</sup> Osborne, G. (2015). Summer budget 2015 speech.

Retrieved from <https://www.gov.uk/government/speeches/chancellor-george-osbornes-summer-budget-2015-speech>.

<sup>6</sup> Powell, A. (2018). *Apprenticeship statistics England*. London: House of Commons Library.

<sup>7</sup> Bridge Group. (2016). *Inspiring policy: Graduate outcomes and social mobility*. London: Bridge Group.





77% of respondents are changing their attraction and marketing activities to address concerns about diversity.

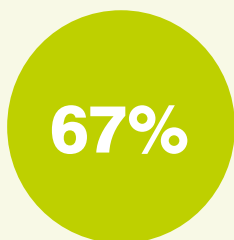
Respondents articulate a range of reasons for their focus on diversity. The most important is that they see addressing diversity as an important way to get the best talent for their organisations (articulated by 83% of respondents). Other important drivers include ensuring that their organisation represents their customers (56%) and because it is being emphasised by their boards (25%), clients (15%), advocates within their own organisations (13%) or by public opinion (6%). Very few reported being driven to address this issue by the law (3%).

Employers are taking a variety of actions to address diversity. Most (77%) respondents are changing their attraction and marketing activities to address concerns about diversity (see figure 2.4). This shows a range of different approaches that include changing how to communicate opportunities, where to look for candidates and what information to consider to be relevant when making a hire. Some employers also reported building partnerships with specialist organisations to attract a more diverse group e.g. Black Lawyers Directory, Hire Stem Women, Exceptional Individuals.

Figure 2.4

**Changes to attraction and marketing activities to address diversity** (Based on responses from 123 employers)

Attraction and marketing activities	% of employers
Tailored marketing materials/methods	50%
Ensuring diverse campus representatives	44%
Changing the universities visited	29%
Running outreach events	24%
Using name-blind or university-blind recruitment	23%
Other	4%



67% of respondents are changing the way they manage recruitment and selection to address concerns about diversity.

Most respondents (67%) are also changing the way that they manage recruitment and selection processes (see figure 2.5). This includes providing candidate with financial and coaching support during the process as well as changing recruitment processes and using contextual information to inform selection judgements.

Figure 2.5

**Changes to recruitment and selection processes to address diversity**

(Based on responses from 127 employers)

Recruitment activities	% of employers
Offering financial support for candidates to travel to selection events	31%
Changing the nature of selection stages e.g. psychometric tests	23%
Coaching applicants during selection (digital)	17%
Using contextualised screening	14%
Coaching applicants during selection (face-to-face)	10%
Re-ordering selection stages	6%
Providing guidance on their website	1%
Partnering with organisations who specialise in diversity	1%
Other	9%

How successful this focus on diversity is can be judged, to some extent, by the profile of the hires that respondents are recruiting (see figure 2.6).

Figure 2.6  
**Proportion of hires by diversity characteristics**

Characteristic	Average proportion of hires	UK population average <sup>8</sup>	Higher education average <sup>9</sup>	Count of responses (n)
% State schooled	57%	91%	90%	29
% Female	46%	51%	57%	116
% First-generation graduate	31%	NA	40%	30
% BAME	26%	14%	22%	61
% Free school meals	13%	12%	NA	22
% LGBTQ+	6%	2%	5%	20
% Disabled	5%	18%	12%	43

As figure 2.6 shows there are a number of places where respondents’ hires do not reflect the wider population. People who attended state schools, women, first generation graduates and disabled people are under-represented amongst current hires. The state school figures are particularly concerning with respondents reporting substantial under-representation of this group. However the employers who answered were largely drawn from accountancy and professional services, the law and banking and financial services, which are all sectors which are known to have an issue with social mobility. It is anticipated that the representation of candidates from state schools across the rest of the graduate labour market would be higher, not least because they represent the overwhelming majority of the population. Other diversity groups such as Black, Asian and minority ethnic (BAME) and lesbian, gay, bisexual, transgender and queer or questioning (LGBTQ+) are better represented.

## Resources for recruitment

Recruitment of young people is a complex activity. As we have seen employers are recruiting to a range of different entry points and are increasingly concerned about who they are recruiting. Consequently, employers need to invest in recruitment teams and activities to ensure that they are able to get the talent that they need.

The average size of a graduate recruitment team was 6 people with an additional 3 external people being brought in as part of the recruitment. The average number of hires per member of staff (both internal and external) is 16. Most recruitment teams worked across all types of hires (graduates, apprentices and internships), although some were able to have staff who specialised in one of these routes.

In addition to their staffing, organisations spent an average of £310,070 on their graduate recruitment. The overwhelming majority of this spend was focused on graduates (79%) rather than apprentices. Most of the money was spent on attraction and marketing activities (63%) with the rest being spent on recruitment and selection costs. The average cost per graduate hire was £2,189. Average costs varied by sector with law firms reporting the highest average cost per hire. Average costs also varied within sectors with retail and law reporting the biggest variation in cost per hire across employers.

“...  
Employers need to invest in recruitment teams and activities to ensure that they are able to get the talent that they need

<sup>8</sup> Population averages taken from Department of Education, the Office for National Statistics and the House of Commons Library. See reference list for further details.

<sup>9</sup> Higher education averages taken from Advance HESA, HEFCE and UUK data. See reference list for further details.



Figure 2.7

### Estimated average cost per graduate hire, by sector

(Based on responses from 60 employers employing 6,561 graduates<sup>10</sup>)

Sector	Average cost per hire
Law	£8,908
Transport or logistics	£6,603
Energy, water or utilities	£5,577
FMCG	£5,327
Banking or financial services	£5,326
Retail	£5,089
Digital	£2,059
Public sector	£1,579
Engineering or industrial	£1,228
Built Environment	£1,129
Other <sup>11</sup>	£3,028



54%

of respondents said they were trying to reduce the cost per hire

Around half (54%) of respondents reported that they were seeking to reduce their costs per hire. Of the employers who are attempting to reduce this, the most popular strategies that are being adopted are changing the nature of the selection process (36%) including reducing its length (25%) and changing the nature of their on campus activity (36%) including visiting less universities (25%) and spending less time on campus (21%). There were also some employers who were changing the external recruiters that they were working with (23%) and a small group who had restructured their own recruitment team (4%).

## The future

Respondents revealed a number of concerns about the future. Many of these were related to the need to address the diversity issues discussed earlier. This included concerns about how best to address with gender diversity (55%), social mobility (28%) and student mental health (11%). The issue of mental health and employee well-being is an emerging issue, which may benefit from further research in future years. Other concerns related to continuing to run an effective recruitment programme given budgetary restraints (42%), fierce competition (23%) and challenges in finding the right candidates (23%), managing their expectations (16%) and stopping them reneging on offers (20%). There were also some respondents (16%) who were concerned about managing the different levels and types of recruitment that they now have to manage simultaneously.

Interestingly, respondents were not likely to advance political and economic changes as a key area of concern. Only 15% raised Brexit and less than 5% raised concerns with automation and artificial intelligence.

<sup>10</sup> These cost per hire figures are based on firms with centralised budgets for both attraction and selection. Excludes team salaries and graduate salaries. These cost per hire estimates have caveats and should be used with care. They have been calculated by dividing centralised budgets in the most recent financial year by the number of graduates hired in 2018. Different sectors may include different activities in these budgets.

<sup>11</sup> The 'other' category includes 8 employers across 6 sectors combined, as these sectors did not meet the minimum reporting requirement (3 responses).

## Attracting candidates

# 3

**This section looks at how employers are attracting student candidates. It explores the timing of their recruitment campaigns and examines what approaches they are using to market to students.**



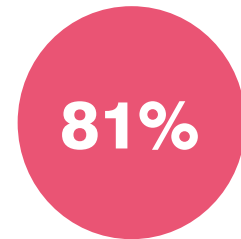
## Recruitment campaigns

Most respondents reported that they ran clearly structured graduate recruitment campaigns which opened and closed at particular points in the year. A clear majority (70%) runs a single recruitment campaign during the year while a smaller group (12%) runs two campaigns. It was far less common to report that recruitment was conducted on a rolling (10%) or an ad hoc (2%) basis.

There is a clear pattern to the recruitment campaigns that employers are running. Most open their graduate campaign in the autumn (or even earlier) and have made most of their offers by the end of the spring at the latest (81% of offers by Easter). Such campaign timings may not be apparent to students and highlight the importance of increasing student engagement with career planning by the time they enter their final year of study.

Figure 3.1  
Timing of graduate recruitment campaigns

	OCT-DEC	JAN-MAR	APR-JUN	JUL-SEP
OPEN	69%	1%	2%	23%
CLOSE	17%	35%	24%	21%
MADE THE MOST OFFERS	24%	57%	9%	8%



81%  
of graduate job offers are made by Easter.

Respondents reported that they were conducting a different kind of recruitment campaign for apprentices. While a single campaign was still the most popular approach (45%) it was far more common to organise this kind of recruitment in an ad hoc (20%) or rolling style (14%). There was also less of a pattern as to when recruitment campaigns for apprentices opened, closed and were most likely to be making offers. The more fluid nature of apprenticeship recruitment means that this was sometimes managed in a more reactive fashion than graduate recruitment, which is generally planned on an annual cycle. One of the key questions is whether such reactive approaches respond to business need (demand) or the availability of students (supply). The process of business planning and managing an apprenticeship campaign is newer ground than the equivalent process with graduates and may benefit from further research to help to draw out good practice.

Most employers focused their graduate recruitment campaign for UK based posts on UK graduates. Only 7% were actively conducting recruitment in Europe and only 3% in the rest of the world. However, this didn't mean that they weren't open to recruiting talent from elsewhere. So, 60% reported that they were willing to accept applications from Europe and 40% from elsewhere in the world. As a result of this activity respondents reported that an average of 5% of their graduate hires were from the European Economic Area and 3% from the rest of the world.

This lukewarm picture for non-native students raises issues for university careers services who are keen to help international students studying in the UK who may be interested in pursuing their careers in the country. However, for employers this opens up the need to understand the criteria for employer sponsorship of migration whilst avoiding the possibility of discrimination on the basis of nationality. Detailed discussion of this issue is beyond the scope of this report but, it may be another area where further research would be useful.<sup>12</sup>

<sup>12</sup> See UKCISA (<https://www.ukcisa.org.uk/>) for further information on these issues.



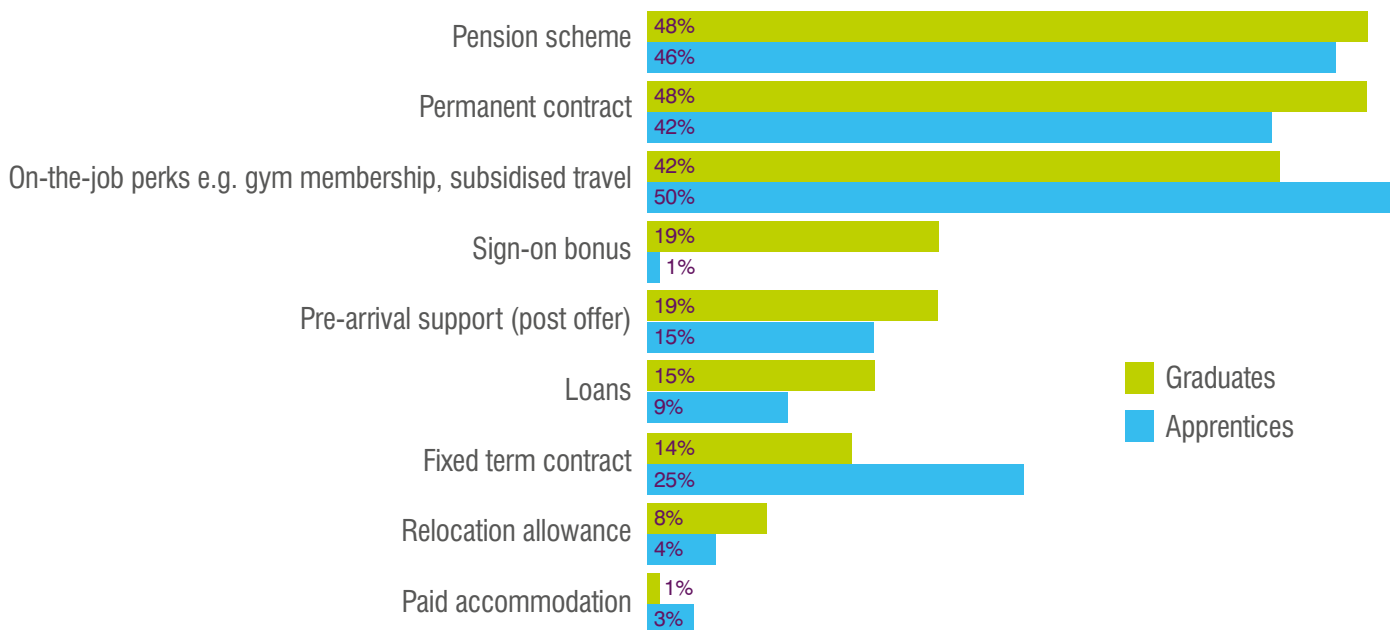
19%

of graduates are offered a sign-on bonus.

## Reward packages

Most respondents were offering new recruits a good reward package. We'll look at the salaries that they paid in more detail in sections 5-7. But, for now let's look at the broader reward package that they communicated to attract candidates to apply.

Figure 3.2  
Reward package



Employers offer fairly similar reward packages to graduates and apprentices which typically include pension schemes, permanent contracts, various perks and pre-arrival support. However, in general graduates are a little more likely to be offered almost all of these rewards and much more likely to be offered a sign-on bonus.



## Marketing approaches

Employers are using a range of different approaches to market their opportunities towards students. As discussed in the last section around half of employers are looking to reduce their costs per hire and as a result are often seeking to reduce or reorganise traditional student recruitment approaches. However, as figure 3.3 shows these traditional approaches continue to be popular.

Figure 3.3  
**Graduate attraction and marketing activities** (Based on responses from 138 employers)

Graduate attraction and marketing activities 2018	Proportion of employers
External jobs boards	99%
Visits to universities	99%
Print media	97%
Social media marketing	96%
Use of campus reps/ambassadors	93%
Via internal staff i.e. word-of-mouth	91%
Insight days	88%
Other company-specific online marketing	87%
Other	25%



99%  
of respondents visit  
universities.

The pattern of attraction and marketing activities used with apprentices is similar to that deployed in the graduate market. However, typically the level of marketing activity used to attract apprentices is lower than with graduates (see figure 3.4).

Figure 3.4  
**Apprenticeship attraction and marketing activities** (Based on responses from 82 employers)

Apprenticeship attraction and marketing activities 2018	Proportion of employers
Visits to schools/colleges	85%
External jobs boards	79%
Social media marketing	72%
Via internal staff i.e. word-of-mouth	70%
Print media	65%
Insight days	51%
Other online marketing	43%
Training provider does all attraction & marketing	30%
Use of school alumni	29%
Marketing to parents	27%
Other	2%



## Engagement with education

An important element of respondents' marketing activities was engaging with education. On average respondents visited 20 universities as part of their recruitment activities. However, they typically hired from more institutions than they visited (33). Respondents explained their reasons for which institutions they planned to visit as follows.

Figure 3.5  
**Reasons for choosing UK Universities** (Based on responses from 127 employers)

How did you choose UK universities to engage with?	Proportion of employers
<b>Historic links</b>	<b>58%</b>
<b>Performance of previous recruits</b>	<b>46%</b>
<b>Geographical location e.g. close to offices</b>	<b>44%</b>
<b>Diversity of student population</b>	<b>35%</b>
<b>Degree subject ranking in league table</b>	<b>21%</b>
<b>University ranking in league table</b>	<b>17%</b>
<b>Part of Russell Group</b>	<b>12%</b>
<b>Contacted by the university</b>	<b>10%</b>
<b>Ease of working with careers service</b>	<b>8%</b>
<b>Other</b>	<b>6%</b>

While a proportion of respondents' report selecting universities to improve the diversity of their hires (35%), many of the other reasons given are likely to mitigate against this. Many of the differences in career outcomes between different groups of students can be explained by the over-representation of privately educated and other advantaged students at high status institutions.<sup>13</sup> So where employers are focusing on institutions which their company has historic links with (as 58% of our respondents are), focusing on overall university rankings (17%) or focusing on the Russell Group (12%) they are likely to continue to recruit more advantaged students rather than increasing the diversity of their intake.

Once they were working with a university, employers used a variety of approaches to engage with the institutions. The involvement of higher education careers services was central to a large amount of this activity, suggesting that forming strong relationships with careers services is a good attraction and marketing strategy for employers.

<sup>13</sup> Crawford, C., Gregg, P., Macmillan, L., Vignoles, A., & Wyness, G. (2016). Higher education, career opportunities, and intergenerational inequality. *Oxford Review of Economic Policy*, 32(4), 553-575.





**59%**

of employers attend generic careers fairs. But 78% attend industry or subject specific careers fairs.

Figure 3.6  
**Engagement with universities** (Based on responses from 125 employers)

How did you engage with the universities you chose?	Proportion of employers
Careers fairs - industry/subject-specific	78%
Careers fairs – generic	59%
Interacted with careers service - central	58%
Direct engagement with students - through bespoke event	51%
Interacted with careers service - departmental	46%
Direct engagement with students - through student societies	45%
Direct engagement with department - as part of student curriculum	27%
Direct engagement with department - extra-curricular	18%
Other	2%

As well as engaging with higher education, respondents also reported engaging with schools and further education colleges. On average they were visiting 19 schools or colleges and hiring from 26.

Respondents also reported engaging with education in a range of ways that were not directly related to short-term recruitment aims. This including contributing to career education activities such as providing careers talks, work experience and mentoring.

Figure 3.7  
**Non-marketing outreach in the 2018 season**

What non marketing outreach did you undertake?	Proportion of employers
Spoke to students about employability	65%
Spoke to career services staff	66%
Offered work experience to students	40%
Promoted STEM subjects	45%
Mentored students	34%

## Recruitment and selection

# 4

**This section looks at the recruitment processes that employers are using. It explores the approach that underpins their recruitment and the detailed tools that they use to select the right candidates.**



## Level of recruitment

All of the employers that responded to the survey have structured recruitment approaches. As we have already discussed in section 2, employers invest in recruitment with average recruitment teams of 6 people and a cost of £2,189 per graduate.

Through the attraction and marketing activities discussed in section 3 participants were able to attract an average of 9,994 candidates for all of the roles that they were recruiting. This included an average of 6,270 candidates for graduate roles. Of the candidates for graduate roles an average of 1 in 41 applicants is successful in receiving a job offer. However, these headline statistics mask a lot of variation. Figure 4.1 shows how this breaks down by sector.

Figure 4.1  
Average number of applications per vacancy by sector

*(Based on responses from 138 employers covering 17,667 graduate hires)*

Sector	Applications per graduate vacancy	Applications per apprenticeship vacancy
FMCG	204	51
Investment bank or fund managers	86	n/a
Energy, water or utilities	86	23
Banking or financial services	79	4
Digital	67	7
Consulting or business services	53	36
Retail	49	9
Transport or logistics	46	50
Engineering or industrial	38	16
IT & Telecommunications	36	16
Built Environment	35	29
Accountancy or professional services	29	15
Chemical or pharmaceuticals	29	n/a
Law firm	22	40
Public sector	12	n/a

41

The average number of applications for every graduate vacancy.



**12**

The number of weeks that the average graduate recruitment process takes.

Figure 4.2 shows how this breaks down by type of hire. Graduate jobs are still the most competitive route with far more candidates competing for every job than apprenticeships. Even short-term roles for graduates were also highly competitive with respondents reporting almost 40 candidates for every opportunity for both placements and interns.

Figure 4.2  
Average number of applications per vacancy per type of hire



Ratios of applications to vacancies by sector are influenced by size of employers. Some sectors had higher proportions of responses from SMEs and these employers generally offered fewer apprenticeships than large employers.

In general, the process of selection takes around 12 weeks for graduates and 8 weeks for apprentices.

### Types of selection processes

Respondents characterised their recruitment processes in a variety of ways as shown in figure 4.3.

Figure 4.3  
Approaches to selection (Based on responses from 127 employers)



**79%**

of employers use competency-based approaches to recruitment.





The terms used here to describe different approaches to recruitment are contested and sometimes used in different ways by different employers. However, broadly we would understand them as follows.

- **Competency-based.** Focusing on the alignment between the candidates' skills and knowledge and the tasks required to perform the job that they are being recruited to.
- **Strengths-based.** Focusing on what candidates enjoy and believe themselves to be good at rather than merely what they can do or provide evidence of.
- **Technical.** Focusing on the possession of particular technical skills. In essence this is a more focused type of competency-based recruitment but typically seeks to establish the existence of particular skills e.g. competence in a programming language or statistical technique.
- **Values-based.** Focusing on what candidates believe to be important, ethical and worthwhile and examining the alignment to organisational values.

As this shows competency-based approaches to recruitment and selection are the most popular. However, all of the other approaches are also in common use. 55% of employers combine more than one of these approaches together. This suggests that most employers are pragmatic in their approach to recruitment, building their recruitment and selection approach out of a number of different elements and conceptual approaches. This should lead candidates to prepare for a broad range of selection approaches and types of questions. Consequently, careers professionals should be careful about focusing preparation support on a single type of recruitment.

## Minimum requirements

Most employers define a range of minimum requirements for applicants. Most commonly employers use degree classification to define minimum entry (58%). They were usually looking for at least 2:1s (52%), but some set the minimum criteria lower at 2:2 (28%). Others focused on recruiting students from particular disciplinary backgrounds (26%). As already discussed in section 1 very few used postgraduate qualifications as a minimum requirement (1%) and only 8% were actively recruiting postgraduates for specialised roles.

While focusing on degree grades and subjects was the most popular approach there were also some other approaches in use. Some (28%) focused on educational attainment prior to degree by asking for minimum A levels or UCAS points. Others were interested in students' work experience (4%).

The Social Mobility Foundation have argued that in many cases the use of minimum academic requirements in recruitment serves to mitigate against disadvantaged young people and that it offers a poor proxy for an individual's potential.<sup>14</sup> They have found that there is a trend of employers moving away from the use of such minimum requirements. This was borne out in our data which showed that a substantial number of respondents (19%) now choose not to set any minimum requirements for applicants. The number of employers who do not set a minimum entry requirement have been steadily growing over recent years.

“...  
Employers are pragmatic in their approach to recruitment, building their recruitment and selection approach out of a number of different elements and conceptual approaches. This should lead candidates to prepare for a broad range of selection approaches and types of questions.”

<sup>14</sup> Social Mobility Foundation. (2018). *The social mobility employer index 2018. Key findings*. London: Social Mobility Foundation.

## Selection and recruitment activities

Employers use a variety of different approaches to select candidates beyond their minimum requirements. Figure 4.4 sets out the recruitment approaches that are used with graduates and apprentices. Assessment centres were one of the most popular approaches and as figure 4.6 shows, they often incorporate other forms of selection.

Figure 4.4  
Selection and recruitment activities

Selection and recruitment activities	% hiring graduates	% hiring apprentices
Assessment centres	89%	88%
Bespoke online applications	77%	60%
Psychometric tests	71%	51%
Face to face interviews	71%	71%
CV screening	66%	73%
Video interviews	49%	33%
Phone interviews	39%	36%
Training provider does all selection & assessment	n/a	14%



89%  
of employers use assessment centres in graduate recruitment.

Respondents reported using similar selection and recruitment activities with graduates and apprentices. They were more likely to use online applications and psychometric tests with graduates, but the only area where there was a complete difference was in the use of training providers to manage some of the recruitment for apprentices.

A lot of employers reported using 'psychometric tests', but when we look at this in detail it is clear that this term hides a wide range of different types of test. Aptitude tests (which test how good you are at various things) are far more commonly used than personality tests (which examine what sort of person you are). Aptitude tests include numerical reasoning tests (used by 55% of employers), verbal reasoning (48%), situational judgement (38%), abstract or spatial reasoning (14%) and critical reasoning (13%). While personality tests were only used by 18% of employers.

Figure 4.5  
Different selection approaches *(Based on responses from 128 employers)*

Selection approaches	Proportion of employers using approach
Numerical reasoning	55%
Verbal reasoning	48%
Situational judgement tests	38%
Personality/motivation questionnaires	18%
Abstract/spatial reasoning	14%
Critical reasoning	13%
Other	10%



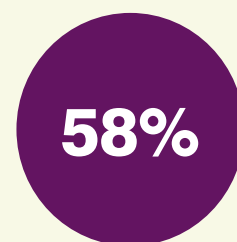
18%  
of employers use personality tests.



Many employers also reported using assessment centres. Most assessment centres run for half a day (41%) or a full day (51%). A small number of respondents (3%) reported running longer assessment centres. Respondents also provided insights into what activities they typically include in such assessment centres.

Figure 4.6  
**Activities at assessment centres**

Exercises used in graduate assessment centres	Proportion of employers
Individual interviews	79%
Group role play exercise	58%
Individual presentations	56%
Case studies	41%
Group presentations	30%
Written exercise	29%
Email/inbox exercises	9%
Escape-room scenarios	2%
Games	1%
Group debate	1%
Other	12%



of assessment centres use group role play exercises.

## Success rates

On average organisations reported that 72% of the offers that they made were accepted. 14% of candidates turned offers down straight away, while 8% deferred the offer. Most disruptively 7% of candidates initially accepted the offer only to later renege. One employer reported that the number of reneged offers that they experienced tends to rise and fall with the reputation of their sector (retail). If the sector receives negative press they tend to see the number of renegees go up.

“...

Graduate jobs are still the most competitive route with far more candidates competing for every job than apprenticeships. Even short-term roles for graduates were also highly competitive with respondents reporting almost 40 candidates for every opportunity for both placements and interns.”



# Internships

# 5



**This section looks at employers' recruitment of internships and other short-term hires. It explores how this recruitment process works, what package is on offer and why employers offer these roles.**

## Volume

Most employers are recruiting summer interns (62%) and year-long placements (53%). 50% of employers are recruiting for both summer internships and year-long placements.

Respondents hired a total of 5,730 summer interns and 2,350 year-long placements. This was an average of 67 summer interns per organisation and 32 year-long placements per firm. There are more employers hiring interns and year-long placement students in 2018 than there were in 2017 and overall numbers have also gone up by 10% for internships and 31% for placements.

Despite the generally positive picture the survey also reveals that some employers are less convinced about the value of internships with one noting that *'placing summer interns in the business is becoming more challenging as teams do not see the long term benefits'* while another employer reports that *'we had very large internship programmes previously and have reduced this'*.

## Salary

On average the year-long placements were starting on £18,277 per year. On average interns were earning £376 per week (equivalent of 19,552 per year).<sup>15</sup> Some employers indicated regional differences in average weekly salary of interns, with particular reference to the London living wage.

## Impact

Those respondents who organised internship programmes rehired an average of 52% of their interns and 43% of their summer placement students. One employer noted that *'summer interns are sometimes offered graduate positions immediately after their internship'*. Such figures therefore suggest that internships, year in industry programmes and other forms of short-term work can be an effective strategy for students to transition into graduate roles. Although as we saw in the previous section successfully getting an internship or placement is almost as competitive as getting a graduate job.

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<sup>15</sup> Annual salaries for interns were converted into weekly salaries using a standard week and the online tool (<http://wageindicator.co.uk/main/pay/hourly-pay-converter>).



## Apprenticeship and school leavers

# 6

**This section looks at non-graduate routes into the labour market. It finds that these routes are growing faster than graduate routes amongst ISE members.**

### Volume

Respondents reported hiring 5,499 apprentices and 766 school leaver entrants. Both school leaver numbers and apprentice numbers have increased since last year. Taken together non-graduate routes have increased by 50% since last year. This upward trend is encouraging, but as discussed earlier, runs counter to wider trends on apprenticeships. ISE members are typically familiar with structured recruitment and development approaches so it is unsurprising if they are better able to manage apprenticeships than other employers. However, they also report that they have some way to go in spending all of their apprenticeship levy (typically only 15% is being spent at the moment).

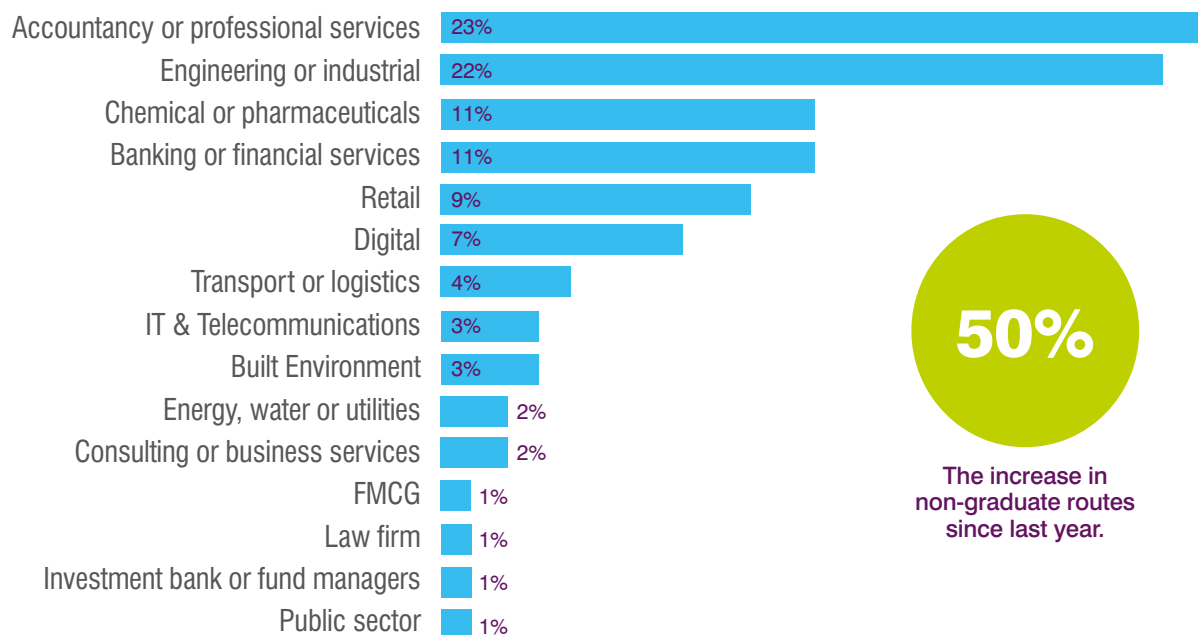
One possibility is that the introduction of the apprenticeship levy will further stimulate apprenticeship numbers amongst ISE members in the future as organisations figure out how to spend their entire levy money. One respondent reported that the levy had already led their organisation to increase the number of apprentices that they were recruited. However, tellingly, the same employer also revealed that most of the levy money was being used to fund internal training rather than the recruitment of new (young) staff. This trend has also been found in wider research on the impact of the apprenticeship levy.<sup>16</sup>

51% of apprentice hires in 2018 were in accountancy or professional services, and engineering or industrial sectors while 80% of school leavers were hired into the chemical or pharmaceuticals sector. As discussed earlier very few employers reported both apprenticeship and school leaver hires, suggesting that these probably describe similar recruitment streams that are likely to come together as the apprenticeship levy becomes fully embedded. Small and Medium-sized Enterprises (SMEs) were less likely to hire apprentices. Figure 6.1 shows how the total number of apprentices and school leavers hired were distributed across different sectors.

<sup>16</sup> Richmond, T. (2018). *The great training robbery. Assessing the first year of the apprenticeship levy*. London: Reform.

Figure 6.1

**Apprenticeship and school leaver hires by sector 2018** *(Based across 12 sectors)*



## Salary

The average apprenticeship salary was £16,500. The average school leaver salary was £15,000.

Figure 6.2 shows how this breaks down by sector.

Figure 6.2

**Average apprentice and school leaver starting salary 2018** *(Based across 12 sectors)*

Sector	Median starting salary
Investment banking or fund management	£20,125
Consulting or business services	£19,100
Banking or financial services	£18,238
Digital	£17,881
Built Environment	£17,166
Accountancy or professional services	£17,088
IT & Telecommunications	£16,166
Energy, water or utilities	£15,466
Retail	£15,000
Transport or logistics	£13,022
Law firm	£13,007
Engineering or industrial	£11,783
Overall	£15,918

## Graduate hires

# 7

**This section explores how the graduate labour market has fared over the last year. It finds that ISE members report a generally healthy picture, recruiting more new hires than last year. It also looks at the occupation, location and salary of graduates.**

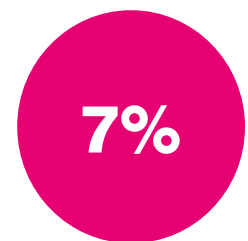


## Volume

Respondents reported recruiting 17,667 graduates during 2017-2018. Their responses indicated that the graduate labour market is continuing to grow, at least amongst ISE members, with a 7% increase in the number of graduate hires reported. Figure 7.1 shows how this breaks down between sectors.

Figure 7.1  
Graduate hires by sector

Sector	Proportion of graduate hires
Engineering or industrial	19%
Law firm	19%
Accountancy or professional services	12%
Digital	9%
Energy, water or utilities	8%
Banking or financial services	8%
FMCG	7%
Retail	6%
Built Environment	4%
Investment banking or fund management	3%
IT & Telecommunications	2%
Chemical or pharmaceuticals	2%
Public sector	2%
Transport or logistics	1%
Consulting or business services	1%



increase in  
the number of  
graduates recruited  
since last year.

Comparison of this data with the figures that respondents reported for last year suggests that there have been some shifts in the proportion of graduates recruited into different sectors. Engineering, law, energy, water or utilities and banking or financial services organisations are all recruiting a greater proportion of graduates this year. Whilst accountancy or professional services, digital, retail and public sector organisations are all recruiting a smaller proportion.

# Salary

The average (median) starting salary for graduates was £28,250. Figure 7.2 shows how this figure breaks down by sector.

Figure 7.2  
Average (median) starting salary by sector

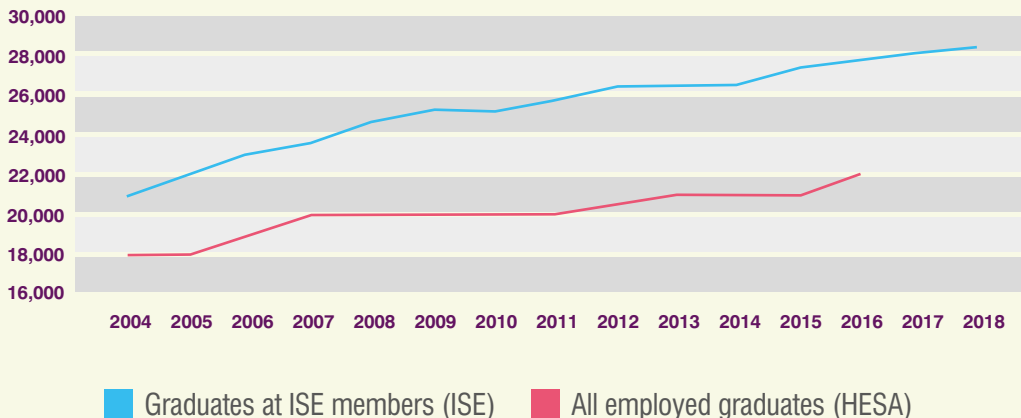
Sector	Average (median) starting salary
Law firm	£37,608
Digital	£34,750
Investment bank or fund managers	£32,900
Banking or financial services	£31,244
IT & Telecommunications	£31,017
FMCG	£30,438
Chemical or pharmaceuticals	£29,500
Engineering or industrial	£27,219
Built Environment	£27,100
Consulting or business services	£27,000
Energy, water or utilities	£26,818
Transport or logistics	£26,367
Retail	£25,214
Accountancy or professional services	£24,635
Public sector	£17,374



Median graduate starting salary.

The median starting salary for ISE members is not representative of the whole graduate labour market. As figure 7.3 shows, the median starting salary for ISE members is considerably higher than the median salary for all graduates. Graduates employed by ISE members have also seen their salaries climbing faster than the average graduate.

Figure 7.3  
Median starting salaries for graduates<sup>17</sup>



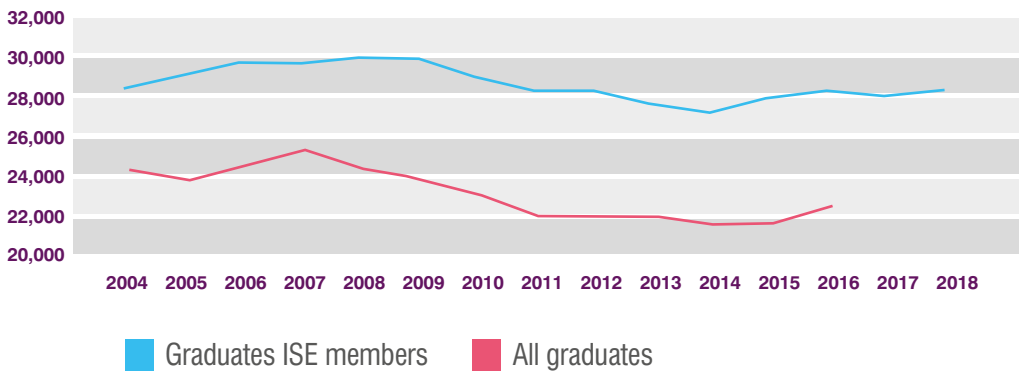
<sup>17</sup> Data taken from the ISE/AGR annual surveys and from the Higher Education Statistics Agency.



“...  
A key question for the future will therefore be whether graduate salaries start to climb above the level that they were at in 2008, remain stable or begin to fall again.”

However, when we look at how graduate salaries have kept pace with inflation we can see that the picture is not so rosy. Figure 7.4 shows what happens when graduate salaries are linked to the Consumer Price Index.

Figure 7.4  
**Index Linked salaries**<sup>18</sup>



So, although graduate salaries have been steadily climbing, when they are compared to inflation they have remained fairly steady. Those graduates employed by ISE members continue to do considerably better than the wider graduate labour market, but they are broadly following the same pattern. Most of the value of graduate salaries was lost in the aftermath of the 2008 economic crisis. Since 2014 they have started to climb again, although the last couple of years have seen a levelling out. A key question for the future will therefore be whether graduate salaries start to climb above the level that they were at in 2008, remain stable or begin to fall again.

<sup>18</sup> Graduate salaries linked to the Consumer Price Index  
<https://www.statista.com/statistics/306648/inflation-rate-consumer-price-index-cpi-united-kingdom-uk-y-on-y/>.





**Roles**

Respondents reported that they recruited graduates into a range of roles. Figure 7.5 shows the main roles that graduates are being hired into with the most common appearing at the top. It also shows how salary varies across these different roles.

**23%**

of graduate hires reported by ISE members were in accountancy.

Figure 7.5  
**Job roles and average starting salaries** (Based on employers reporting 13,343 graduate hires)

Roles recruited	% hires	Average starting salary
Accountancy	23%	£27,547
IT	18%	£36,036
Marketing/media	11%	£35,205
Consulting	9%	£26,357
General management	9%	£24,895
Engineering	7%	£30,790
Legal work	5%	£29,741
Public sector vocation	4%	£23,084
No specific role - rotational programme	2%	£28,757
Sales/customer management	1%	£18,089
Retail management	1%	£16,100
Financial management	1%	£26,831
Investment banking	1%	£24,068
Science/research	1%	£24,489
Human resources	1%	£24,682
Other (please specify)	5%	£22,033

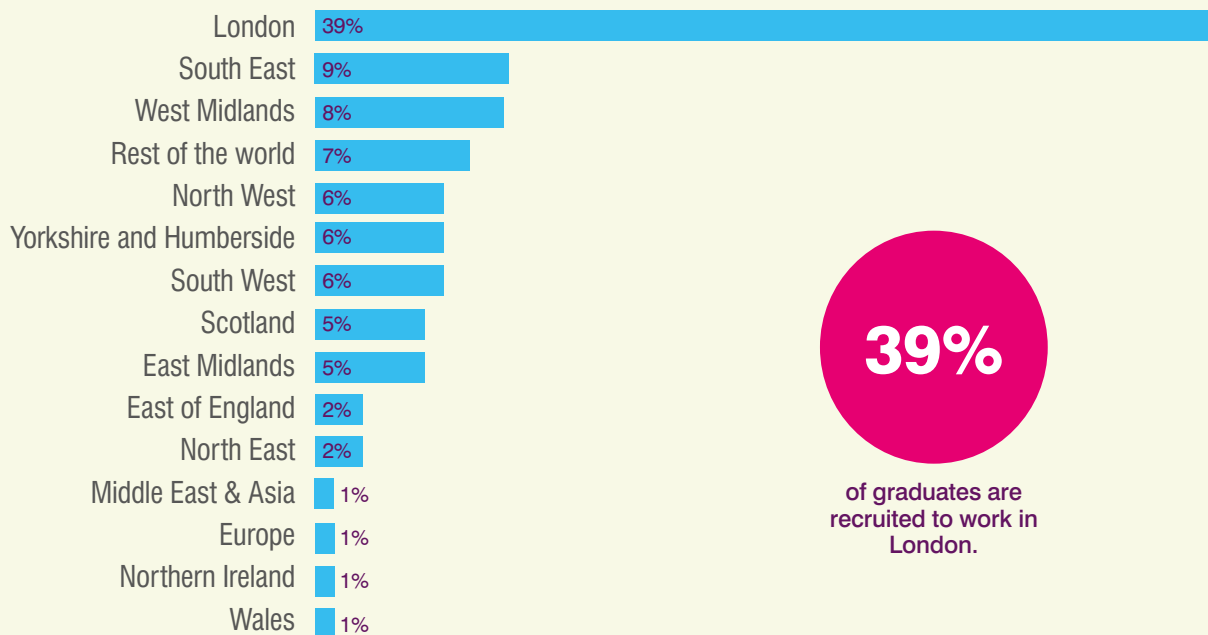


### Location

Respondents reported that they were recruiting graduates to work across the country and beyond. The average employer was recruiting into four regions and some were recruiting right across the country. One employer commented they expect their UK graduates to be mobile, but much of this mobility appears to be drawing graduates towards London. 79% of employers are recruiting graduates in London and as figure 7.6 shows, almost 40% of graduates are recruited to work in London.

Figure 7.6

**Graduate hires by region** (Based on responses from 125 employers)



**39%**

of graduates are recruited to work in London.

Some respondents reported that it was harder to recruit to positions outside of London. This included problems recruiting in Scotland and Yorkshire as well as in particular types of geographical location such as coastal areas, particularly where there were few universities.

**This section summarises some of the main messages of the report and looks forward to future research and concerns.**



## **Conclusions**

# **8**



This report has looked at the entry point of the labour market from the point of view of employers. It shows that employers value young people and that they are recruiting more of them than last year. All types of recruitment have gone up this year, but, while the graduate route remains the most popular amongst ISE members, employers are growing their apprenticeship and school direct routes most rapidly. If the apprenticeship levy has the desired effect this may continue to grow into the future.

Diversity is a key issue of concern for employers of all types. Many are changing their marketing, attraction and recruitment approaches to try and ensure that they get the best spread of new talent. However, the survey reveals that there is still important work to be done if the graduate labour market is going to better reflect the wider population.

Employers continue to invest in their recruitment activities. Most respondents report that they maintain professional recruitment departments and bring in external consultants where they need help with recruitment. However, over half also revealed that they are keen to look for savings. Despite this employers remain committed to many traditional forms of recruitment such as university visits, assessment centres and so on, although these are often combined with the creative use of online techniques. In general employers are pragmatic in their recruitment approach, combining a range of different techniques in their efforts to find the best talent.

ISE members are good employers who offer generous salaries and reward packages in comparison to the rest of the graduate labour market. ISE members have steadily increased the salaries that they offer over the last 15 years, but like many other employers they have only just managed to keep pace with inflation. A big fall in salaries after the economic crash means that graduates today are worse off than they were in 2008 in real terms.

Looking forwards is always difficult. With Britain on the brink of Brexit prediction is more difficult than ever. So we will offer some good questions that we hope to be working with our members to ask over the next few years rather than seeking to predict what will happen next.

- **Will apprenticeship routes continue to grow?** ISE members seem to be ahead of many other employers. Will the future see apprentices becoming as important as graduates for employers who are seeking the best young talent?
- **Can employers crack the diversity issues that they are concerned with?** This year's survey reveals a high level of concern with diversity, but it also shows that employers are taking some serious action. As we move

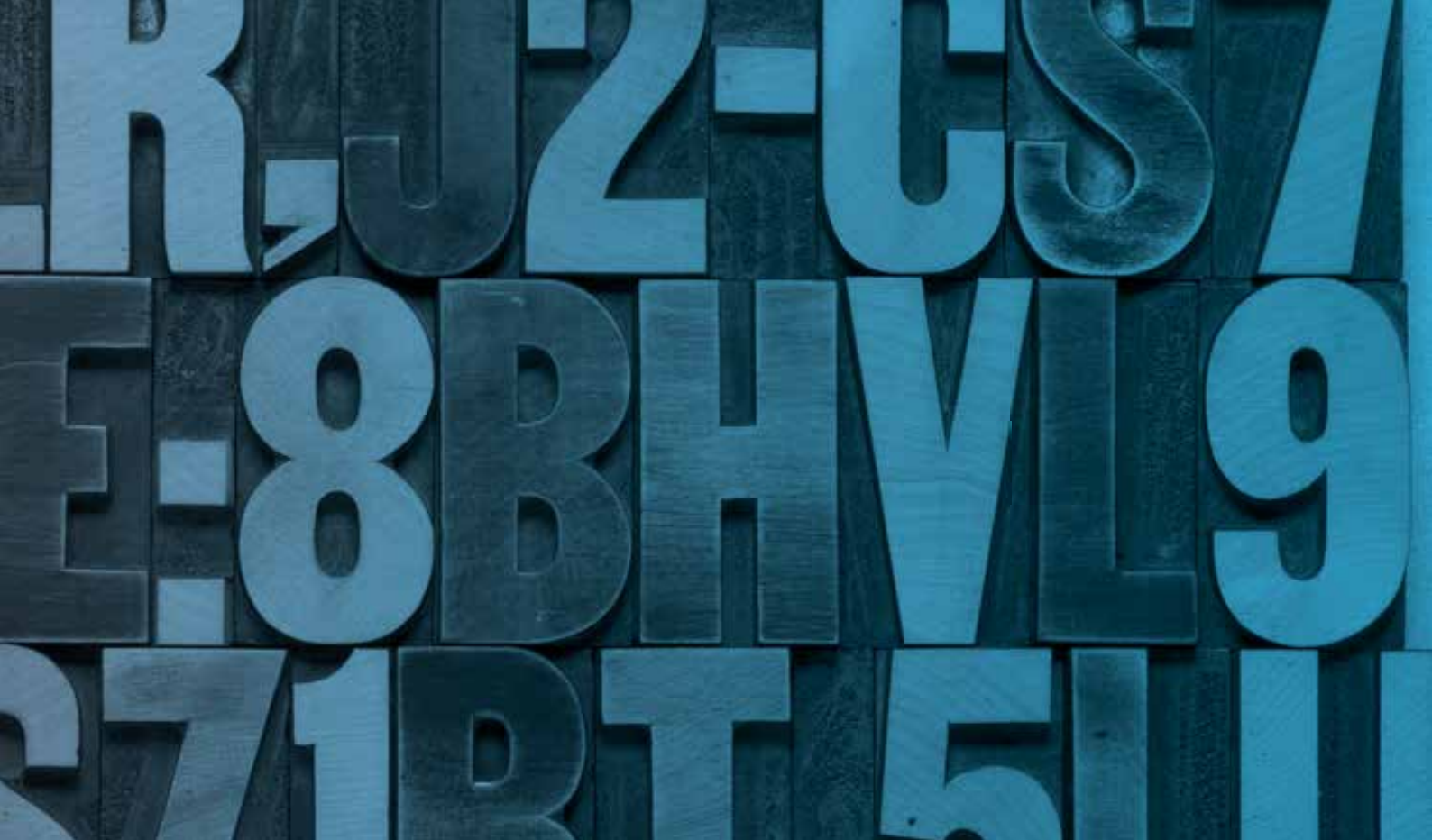
into the future it will be important to consider the efficacy of different strategies that employers are adopting to encourage diversity. It will also be important to consider what the wider social obstacles are to diversity if we are not to expect employers to shoulder the full responsibility for an unequal society.

- **How will employers' overall approach to recruitment change?** There are a number of signs that employers are considering changing the way they arrange recruitment. For example, will we see the disappearance of minimum entry requirements, the growth of strengths- or value-based approaches to recruitment or further use of new technologies? Perhaps most critically many respondents reported concerns about resourcing that may necessitate change. However, there are also signs that employers are slow to change tried and trusted techniques and that there is considerable value in using a broad mix of approaches.
- **How can employers build the most effective partnerships with education?** Respondents reported a wide range of partnership activities with schools, colleges and universities. Yet, commentators continue to call on employers to play a bigger role in supporting the careers of young people.<sup>19</sup> What are the most effective ways for employers to collaborate with education and how can such interactions best serve the long and short-term interests of employers themselves?
- **Will the packages offered to graduates need to change?** Graduates employed by ISE members are doing very well in comparison to many other graduates. Yet, salaries have not risen in real terms since the crash. Is there a need to improve salaries offered to graduates or alternatively to consider other ways to make the packages more competitive? On the other hand, the graduate labour market continues to be a buyers' market with most employers rejecting far more graduates than they employ
- **Will questions of geography become more important?** The graduate labour market remains strongly centred around London. Will devolution, investment in infrastructure, calls to rebalance the economy and the potential for cost savings drive employers to re-examine the distribution of their graduate posts?

All of these questions remain open. The insights that have been offered to us by ISE members through their participation in this research provide some important clues about the direction that the graduate labour market is moving in. At the ISE we will continue to pursue these questions and try to shine a light into the complexity of the youth labour market.

<sup>19</sup> The Careers & Enterprise Company. (2018). *Closing the gap*. London: The Careers & Enterprise Company.

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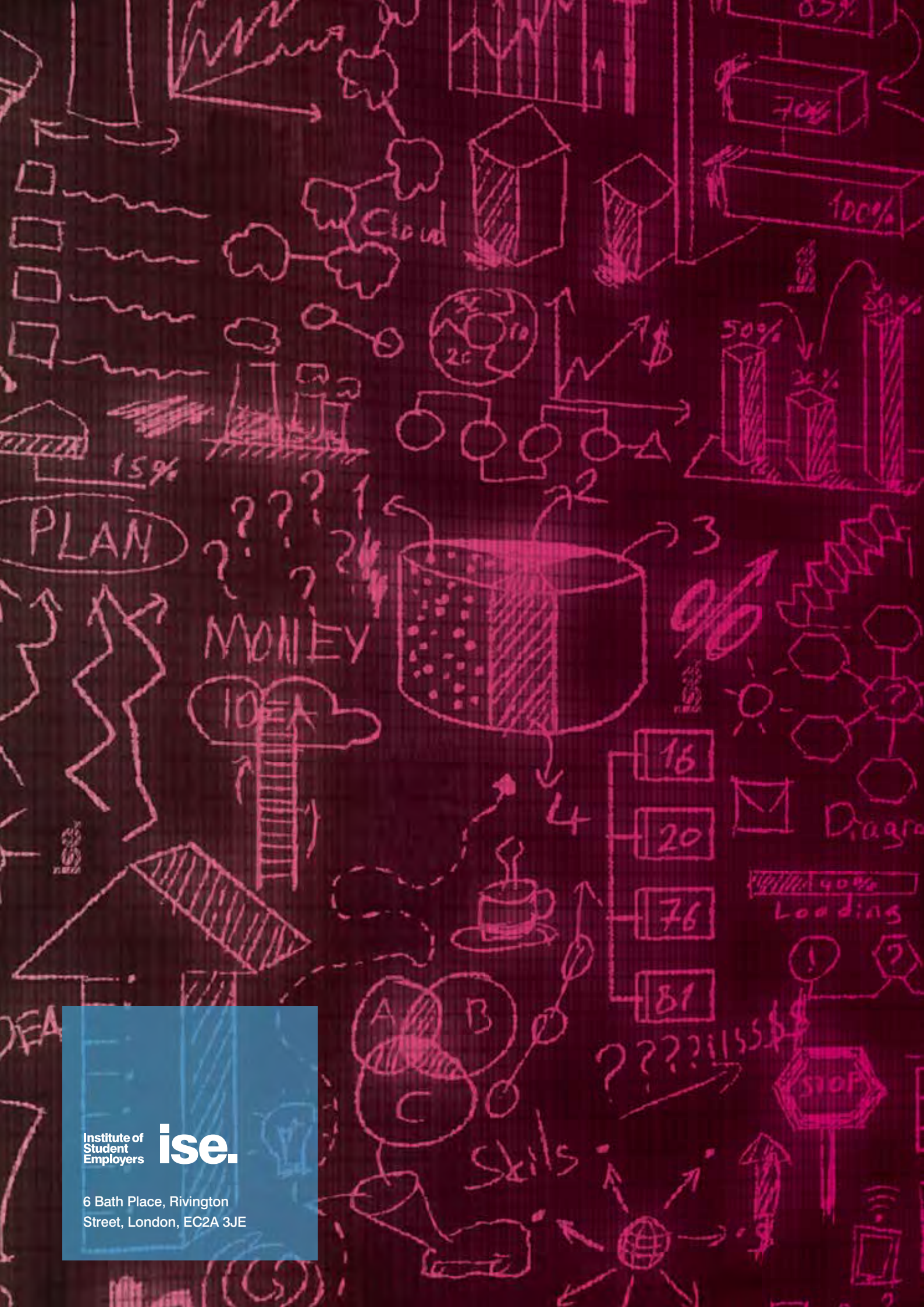
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