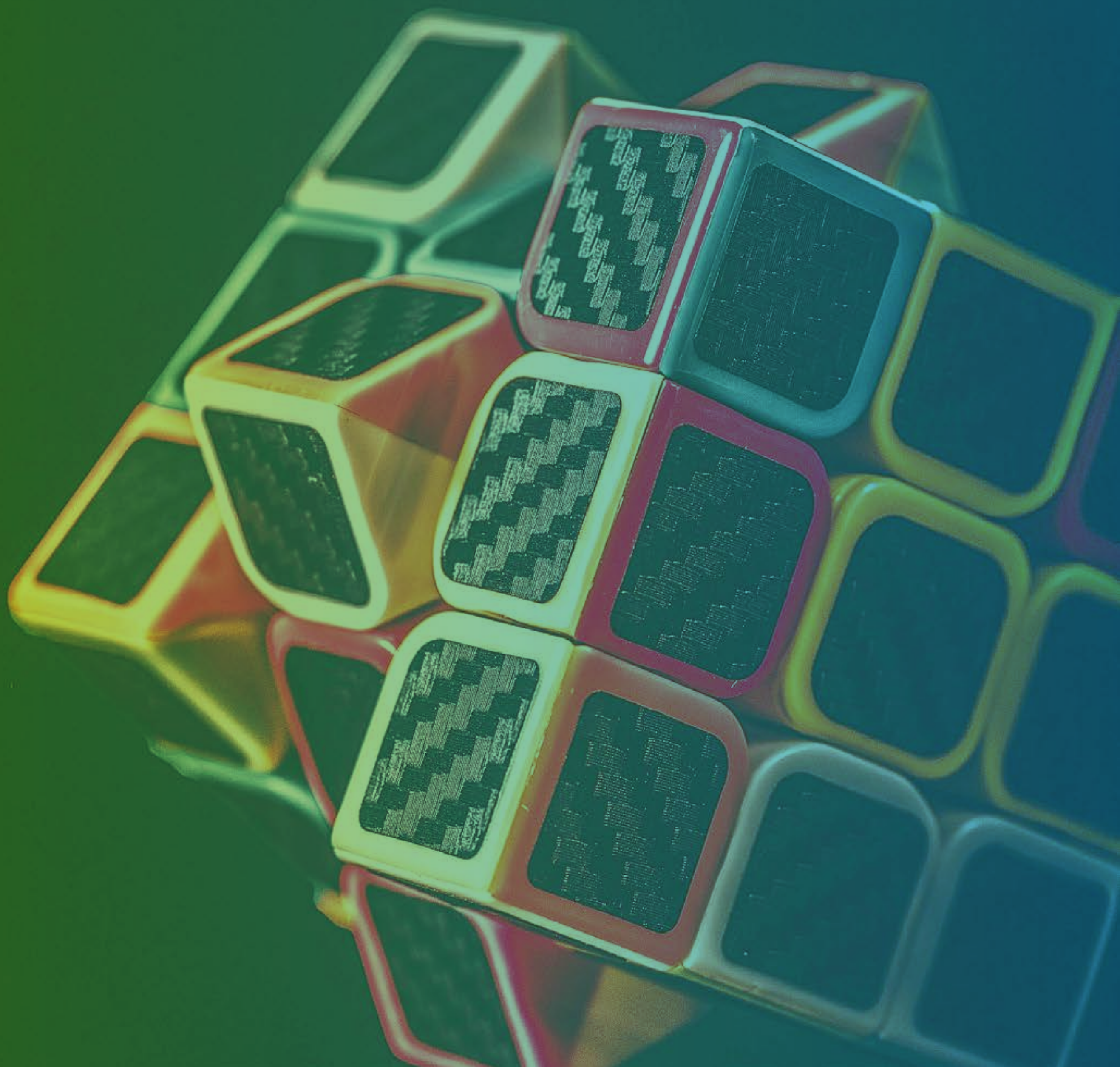
Student recruitment survey 2020

Challenge and resilience in the year of Covid-19

Institute of Student Employers

ise.

Trends, benchmarks and insights



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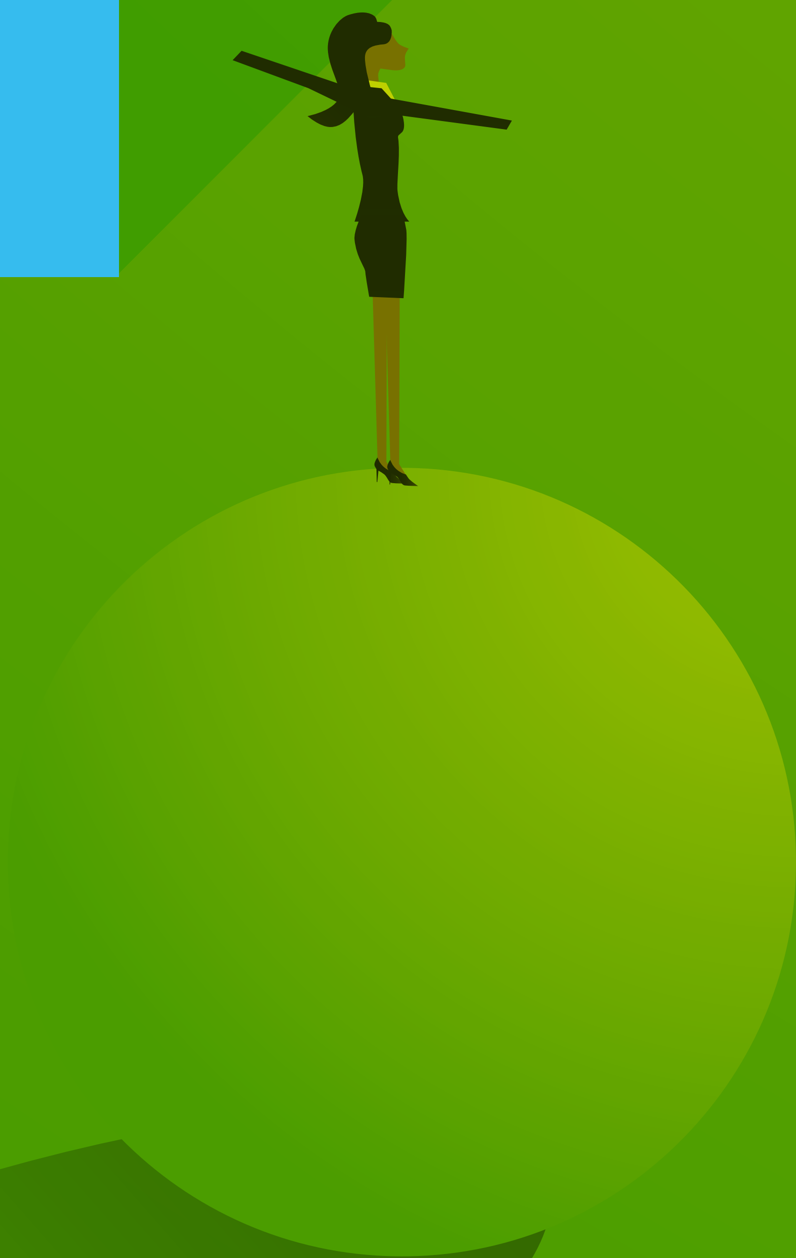

Institute of Student Employers (ISE)

The findings presented in this survey were collected in September and early October 2020. The report was published in November 2020.

The report was written by Tristram Hooley, Chief Research Officer, ISE.

The research has benefitted from help, advice and expert support from Charlie Ball, Gabi Binnie, Fiona Christie, Martin Edmondson, Paul Gratrick, Sarah Hathaway, Keith Herrmann, Stephen Isherwood, Tugba Karaboyun, Hannah Rolph, Holly Savage, Marina Semencuka, Anna Szyperska, Clare Tregaskis, Philip Wilson, Andrew Wright and Vivienne Wootten.

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Stephen Isherwood

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Foreword

Stephen Isherwood,
Chief Executive, ISE

Welcome to the ISE's 2020 annual student recruitment survey. This is our annual report on the UK student recruitment market from the perspective of the ISE's employer members.

Those that worked through the financial crash will recognise many of the patterns this report describes. Some sectors have reduced hiring considerably, others, such as the *Charity & Public sector* have increased hiring, and the *Digital & IT sector* sector still struggles to source all the talent it needs. Employers marketing and attraction budgets are under considerable pressure as organisations seek to reduce their cost base and application numbers are increasing.

But the effect on the student labour market is not a simple replay of 10 years ago. Employers have had to make significant adjustments to their recruiting practices by moving attraction and selection online. As employers' offices closed, many were forced to significantly reduce internships and placement opportunities. Employers also have a broader portfolio of opportunities to manage now that the apprentice levy has broadened the early talent market.

We mustn't forget the students. Many students have found that Covid-19 has turned their lives and career plans upside down. Although we can take comfort that the volume of hires in the student labour market is holding up, we mustn't ignore the lived experience of those who are struggling to cope with the crisis and are hoping to get a good start to their career, particularly those from disadvantaged backgrounds and under-represented groups.

Employers, suppliers and universities have responded to the crisis by flexing their offerings and adopting innovative solutions. In facing the challenges presented by the pandemic, many members have told us how invaluable the ISE's networks, information sources and analysis have been in helping them understand the market and make informed decisions. The data and analysis in this report will enable you to benchmark your student recruitment strategies and make better decisions as we collectively work through the coronavirus crisis.

Thank you to the ISE members who took the time to compile and submit their organisation's data. It's with your help and support that we can produce the valuable insights and analysis that will ensure our industry continues to meet the needs of employers, educators and the students who are embarking on their career journeys.

Executive summary

This report presents the findings of the Institute of Student Employers (ISE) annual recruitment survey. Its discussion of the changes in the recruitment of graduates, school and college leavers and other non-graduate hires and interns and placement students takes place against the backdrop of Covid-19 and an approaching recession. It is hoped that the data and insights presented in this report can help organisations that recruit young people to continue to bring new people into the labour market.

The research is based on a survey of 179 ISE employer members distributed across a range of sectors and geographical locations. ISE employers are typically larger organisations, with structured recruitment processes, who are often able to offer better pay and training and development than smaller employers. The respondents reported recruiting a total of 46,068 student hires during 2019/2020. This represents around 6% of all young people entering the labour market during that year.

11%

Employers are engaging with the government's Kickstart scheme

Strategy

This year has seen employers designing and re-designing their recruitment strategies on the fly. None of the organisations that responded to the research began the year planning to shift their recruitment online or to prepare for a pandemic or economic recession. However, some changes described in this report will be reflected upon, evaluated and used to develop future strategy.

- The typical organisation has 4 people in its recruitment team and spends £2,778 for every student that they recruit.
- Most organisations (79%) are now running an apprenticeship programme, but, on average they are only spending 33% of their apprenticeship levy.
- Only around 11% of respondents are planning to engage with the government's Kickstart scheme for unemployed young people.
- The average organisation recruits around 12% of its staff from overseas, but there is a lot of uncertainty in the current climate as to whether this number will grow or shrink in the future.

Graduates

Graduate recruitment is at the centre of most respondents' early career strategies.

- Almost all (98%) of the respondents report that they recruit graduates.
- The typical firm receives 60 applications for every graduate vacancy.
- Respondents recruit graduates to work in a wide range of geographies and roles and are generally satisfied with the candidates they hire.
- Respondents report that certain roles (notably those requiring high numerical or technical skills) can be hard to recruit to.
- Employers reported a 12% decline in recruitment since last year with around half anticipating a further decline next year. The decline in recruitment appears to be worst in the *Retail & FMCG* sector and the *Built environment* sector.

12%

Decline in graduate recruitment in 2019/2020

School and college leavers

School and college leavers as well as other non-graduate entry level routes are an important element of employers' recruitment strategies.

- Most respondents (65%) recruit school and college leavers and other non-graduate entry level hires.
- The typical organisation receives 39 applications for every school and college leaver position that they have.
- Respondents recruit school and college leavers to work in a wide range of geographies and roles and are fairly satisfied with the candidates they hire.
- Respondents report that certain roles (notably those requiring high numerical or technical skills) can be hard to recruit to.
- Employers reported a 6% increase in recruitment since last year with the school and college leaver market looking fairly stable.

Interns and placement students

In addition to hiring graduates and school and college leavers, many organisations also recruit a range of short-term hires whilst students are in education.

- The overwhelming majority of respondents (79%) recruit interns and placement students.
- The typical organisation receives 42 applications for every internship and 50 for every placement.
- Employers reported a 29% decrease in internships and a 25% decrease in placements in 2019/2020 with further shrinkage expected in 2020/2021.

Attraction

To successfully recruit, organisations have to engage students and attract applications from them.

- Respondents mainly organise their recruitment around a structured calendar linked to the educational year.
- They undertake a wide range of activities to attract students. This year they rated a range of online approaches as the most effective way to attract students. This was partially due to the impact of the pandemic on face-to-face and print marketing techniques.
- Many respondents reported that they had specific recruitment targets designed to increase the diversity of their hires. They also reported that they had taken a variety of actions including targeting particular groups, changing the universities that they visited and tailoring their marketing materials to increase diversity.

Selection

All respondents use a range of different selection approaches to identify the candidates that they want to employ.

- Most employers (83%) set some minimum requirements as the first hurdle that candidates have to clear to be selected. The most popular minimum requirements are based on academic qualifications.
- Employers reported that psychometric tests, CV screening, face-to-face assessment centres and automated interviews are the most effective ways to narrow down the field of applicants.
- They also reported that when they are making their final decision about who to hire, they would ideally use face-to-face assessment centres and face-to-face interviews. But, as both approaches have been disrupted by the pandemic many have switched to online interviews and assessment centres.
- Many employers are reforming their selection approaches to ensure diversity with the most popular approaches being to analyse the diversity outcome of previous campaigns, diversity monitoring and diversity and unconscious bias training.

Hiring

Once employers have attracted students and then selected the candidates that they are interested, they need to put together an appropriate package and seal the deal.

- Employers reported that they had filled 97% of both their graduate and school and college leaver positions during 2019/2020. Student were very likely to accept offers of jobs with 86% of graduates and 92% of school and college leavers saying yes.
- The typical (median) graduate salary offered by respondents in 2019/2020 is £29,667 while the typical school or college leaver salary was £18,450 and the typical salary for an intern or a placement student was £19,000.

£29,667

Typical graduate salary offered by ISE members

The future

We asked respondents to look at the next five years for their organisations and think about what changes they were likely to see.

- Almost all respondents (97%) felt that they had at least one diversity strand that they needed to work on over the next five years to ensure a diverse workforce. Race and ethnicity was the strand that was most commonly identified.
- Respondents expected the skills, attitudes and behaviours they needed over the next five years to change with resilience, emotional intelligence and remote working becoming increasing important.
- Some respondents also anticipated that it would become harder to recruit good candidates with high numerical or technical skills.
- In terms of the wider context respondents are most worried about the intertwined threats of economic recession and Covid-19.

“…
From reading the newspapers it would be easy to believe that the whole activity of student recruitment was under-threat from the pandemic

Introduction

1

It is difficult to find anything new to say about 2020. The emergence of the Covid-19 pandemic in the first quarter of the year has dominated national headlines and most people's day to day lives. A key element of this has been the impact on the labour market and the wider economy. All of this is well known, but when we take a deep dive into an area like student recruitment there are lots of subtleties worthy of attention.

Covid has presented workers with challenges in getting to work and, for some at least, in performing their jobs.[1] The UK government has responded to this with a raft of, still evolving, policies designed to underpin the labour market and prevent temporary disruption from turning into a steep and long-term economic downturn.[2] However, the length, severity and stubbornness of the pandemic has meant that hopes of a rapid 'V-shaped' recession look set to be dashed. The number of new jobs being advertised continues to lag far behind last year and redundancies are on the rise.[3] Without further policy interventions unemployment looks set to grow.[4]

All of this creates a scary climate for what some are calling 'generation Covid'[5], the young people seeking to make their first move into the labour market. There are plenty of predictions of a collapse in youth employment, with many fearing that as unemployment rises young people will be squeezed out of the labour market by more experienced hires.[6] For those responsible for recruiting and selecting the hundreds of thousands of young people who enter the student labour market each year 2020 has also caused considerable anxiety. From reading the newspapers it would be easy to believe that the whole activity of student recruitment was under-threat from the pandemic.

As the employer association for student recruiters and early careers, the Institute of Student Employers (ISE), has been keeping a close eye on the impact of the pandemic on student recruitment. We have produced several research papers, most notably a survey of employers in March[7] and another one in late April[8]. In these two papers and in our wider research and interactions with employers we have observed two main findings.

1. **Student recruitment is down, but it has not collapsed**. While the picture is worse for some sectors than other, across the whole student recruitment market organisations have proven to be amazingly resilient and have continued to recruit a similar, albeit lower, number of student hires.

2. **Recruiting in a pandemic is difficult, but employers are rising to the challenge**. Many of the operational elements of recruitment have historically relied on face-to-face contact, but employers have quickly innovated, switching to homeworking, e-marketing and e-recruitment.

This research will build on these earlier studies and offer a more complete take on the overall 2019/2020 recruitment cycle. Inevitably Covid-19 is a big theme in this research, but it is not the only issue that matters in student recruitment. The current survey is the latest in a series of annual recruitment surveys that the ISE and its predecessor organisations have been running for decades. In it we will be looking at student recruitment in the round as well as exploring the particular impacts of the pandemic.

1 See the International Labour Organisation's Covid hub (www.ilo.org/global/topics/coronavirus/lang--en/index.htm) for global analysis on the inter-relationship between the pandemic and work.
2 See the UK Government Coronavirus (Covid-19) site at www.gov.uk/coronavirus.
3 Office for National Statistics. (2020). Coronavirus and the latest indicators for the UK economy and society: 15 October 2020. www.ons.gov.uk/peoplepopulationandcommunity/healthandsocialcare/conditionsanddiseases/bulletins/coronavirustheukeconomyandsocietyfasterindicators/15october2020.
4 See ISE's regular Covid bulletins at https://insights.ise.org.uk/tag/covid-bulletin.
5 Elliott Major, L., Eyles, A., & Machin, S. (2020). *Generation COVID: Emerging work and education inequalities.* London: Centre for Economic Performance London School of Economics and Political Science.
6 Savage, M. & Helm, T. (2020). Coronavirus: 1 million young Britons 'face jobs crisis within weeks'. *The Guardian.* www.theguardian.com/world/2020/oct/17/coronavirus-1-million-young-britons-face-jobs-crisis-within-weeks?CMP=share_btn_tw.
7 Institute of Student Employers. (2020). *Covid-19: Challenges for student recruitment and development.* London: ISE.
8 Institute of Student Employers & AGCAS. (2020). *Covid-19: The impact of the crisis on student recruitment and development.* London: ISE.

About the study

ISE's recruitment survey is an annual omnibus survey of ISE members covering all aspects of student recruitment. This year the survey consists of 76 questions, many of which repeated or echoed question in previous years' surveys. We undertook a thorough review of the questions prior to launch with input from the ISE's Research and Policy Advisory Group to ensure that the survey was relevant and parsimonious.

The survey was opened on the 1st September and closed on the 7th October. We received 325 responses in total. The data were cleaned resulting in 179 valid responses.[9] These were distributed, as shown in figure 1.1, across eight sectors.

Employers contributed to this survey

Figure 1.1
Responses by sector (179 organisations)

9 **Data cleaning notes.** The data were cleaned to remove duplicate entries. In cases where there were multiple entries from a single firm the completed response was used. In cases where there were multiple complete or incomplete entries the entries were combined and, where necessary, means were entered to resolve differences in numerical values. Incomplete responses entries were removed which did not include any substantive data. Where approximate values were given a concrete value was assigned e.g. 20-30 was rendered as 25, 500+ was rendered as 501.
Where figures were provided in currencies other than £s they were converted using Google's currency converter on 9/10/2020. Where wages were provided on an hourly basis they were recalculated using www.thesalarycalculator.co.uk.
Where percentages were provided that did not sum to 100 they were adjusted proportionately. Write in responses to 'other' categories were reviewed and re-coded where possible.

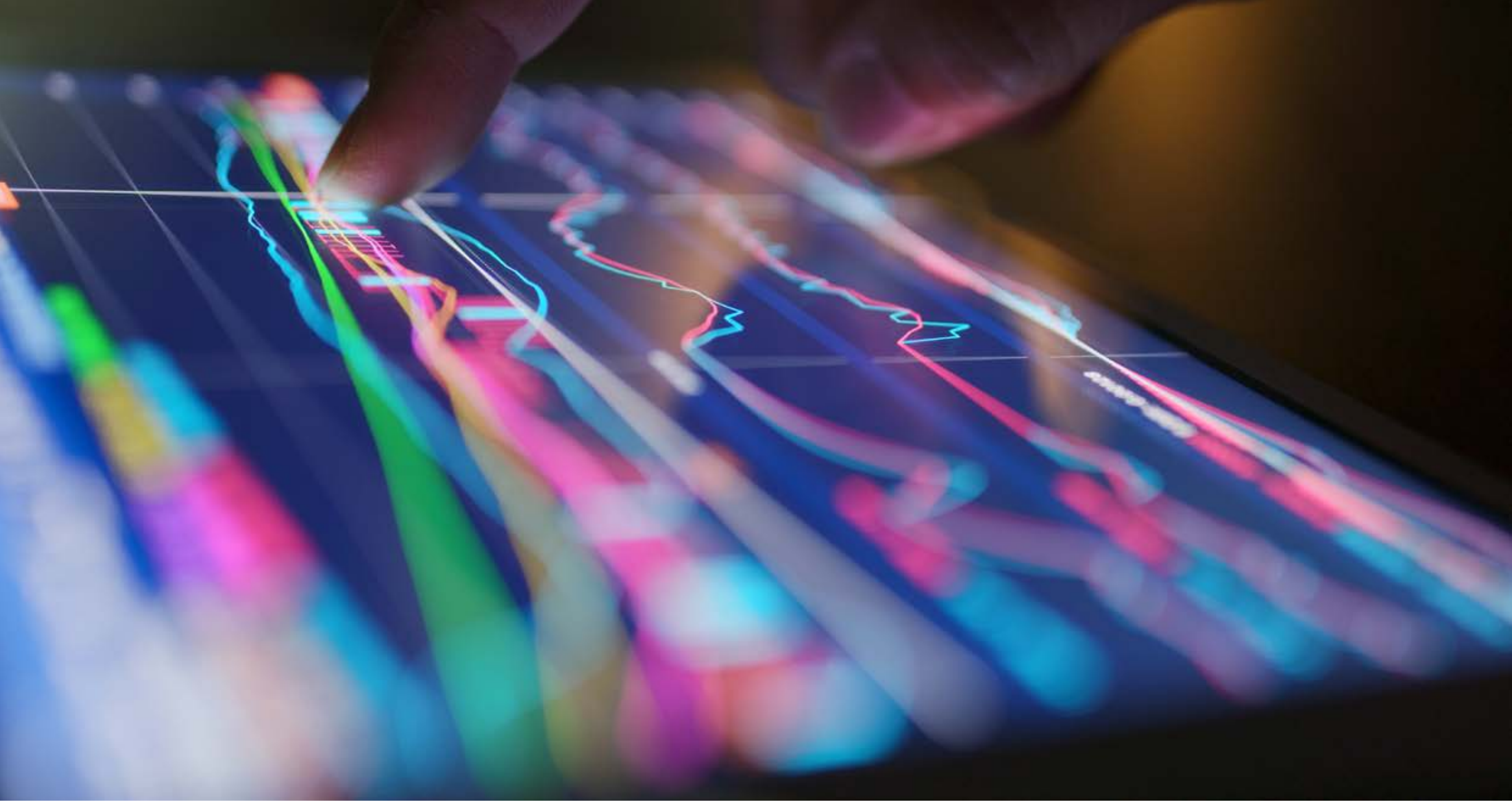
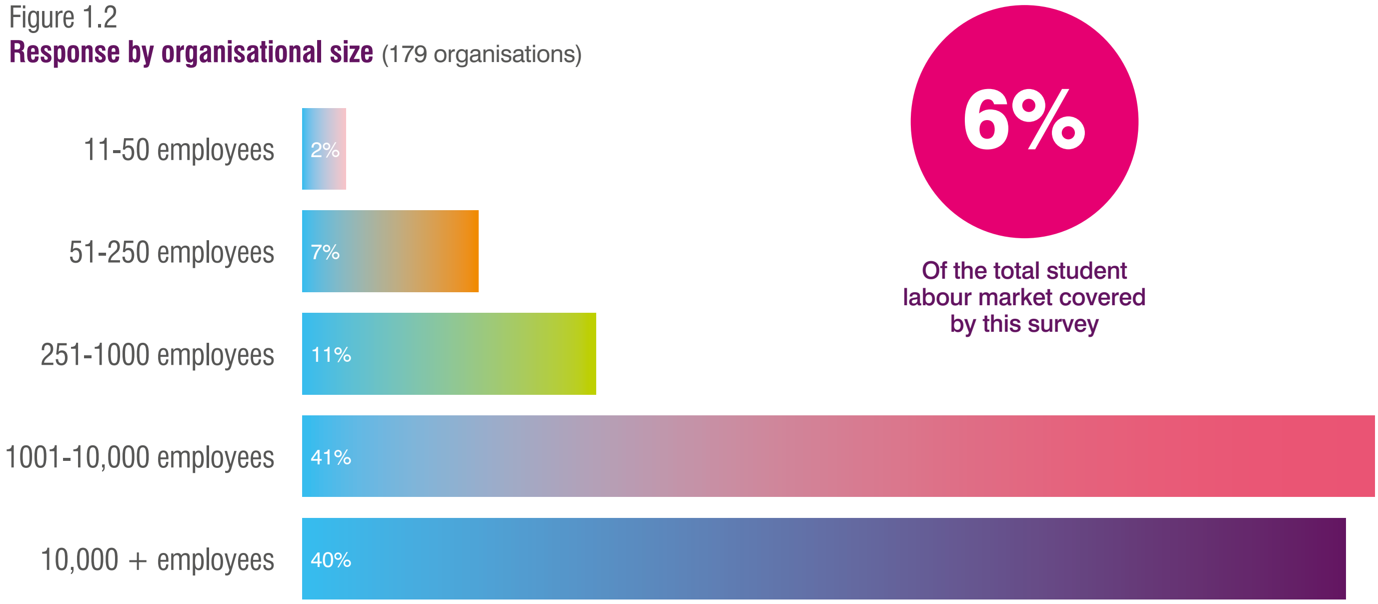


Figure 1.2 shows the size of the organisations involved in the research and reminds us that the ISE membership, who responded to this survey, is mainly comprised of larger organisations with limited representation from small and medium-sized enterprises (SMEs).

Figure 1.2
Response by organisational size (179 organisations)



The respondents reported recruiting a total of 46,068 student hires during 2019/2020. This probably represents around 6% of all young people entering the labour market during that year.[10] This is a substantial sample with which to explore the student labour market. However, it is unlikely to be representative of the whole labour market. As we have seen, ISE employers are typically larger organisations, with structured recruitment processes, who are often able to offer better pay and training and development than smaller employers. They are also likely to be more resilient to the challenges of Covid-19 than many smaller employers. Consequently, while this report provides useful insights into the student labour market, it is particularly illustrative of the upper end of the opportunities that are on offer to young people when they leave education.

10 Based on 800,000 education leavers per year. See Henehan, K. (2020). *Class of 2020: Education leavers in the current crisis.* London: Resolution Foundation.

Recruitment strategy

2

“… None of the organisations that responded to the research began the year planning to shift their recruitment online or to prepare for a pandemic or economic recession

I think the next recruitment season will be very challenging. Lots of very talented students are available - many ‘displaced’ by the interruptions caused by the pandemic for the 2020 recruitment cohorts. But we face the continuing challenge of having to attract and assess virtually. I’m hoping as student recruiters we can pool our expertise and help each other. *(Respondent, Energy, Engineering & Industry)*

This year has seen employers designing and re-designing their recruitment strategies on the fly. None of the organisations that responded to the research began the year planning to shift their recruitment online or to prepare for a pandemic or economic recession. While many were anticipating Brexit, employers were generally adopting a cautious, wait and see approach, with few planning to make big changes during this year.[11]

Many of the obvious changes that employers made in response to the pandemic were primarily operational and driven by expediency. However, some changes described in this report will be reflected upon, evaluated and used to develop future strategy.

Resourcing

I’m very relieved and proud that we could take on our biggest graduate cohort yet - up 150% but, after losing two members of our team recently we are going to be forced to sacrifice some of our offering, including the amount of one on one support that we currently provide, which is a real shame. We will need to be creative, innovative and use systems/technology to our advantage to streamline our processes to provide the same standard with less resources. *(Respondent, Built environment)*

Student recruitment requires resourcing. As the quote above shows there is a relationship between the resources available (both human and technological) and the quality and quantity of recruitment related activity that is possible. This chapter will look at the resources that organisations are allocating to recruitment.

Respondents reported student recruitment teams ranging in size from less than one full-time equivalent member of staff to over 500 people. The average (mean) student recruitment team size is 17 people, but a more typical (median) team size is 4 people. On average this meant that one member of recruitment staff was charged with recruiting 31 student hires[12]. The typical (median) recruiter to hire ratio was 1:20.

The budgets for early career focused recruitment range between £10,000 and £8 million. Spending looks fairly similar to last year, but it may be that it is too early to pick up any reductions in spend that may result from a recession and any associated reduction in student recruitment.

11 Institute of Student Employers. (2019). *The ISE pulse survey 2020: Taking the temperature of the graduate labour market.* London: Institute of Student Employers.

12 The number of student hires is calculated by summing graduates, non-graduates, placement students and interns hired in one year and then dividing that by the size of the team to get the ratio.

Figure 2.1
Average resourcing by sector (mean)

Legal
Recruiter ratio 22
Cost per hire £8,714

Digital & IT
Recruiter ratio 17
Cost per hire £8,123

Retail & FMCG
Recruiter ratio 85
Cost per hire £3,549

Finance & Professional services
Recruiter ratio 35
Cost per hire £3,414

Built environment
Recruiter ratio 31
Cost per hire £3,177

Charity & Public sector
Recruiter ratio 29
Cost per hire £2,837

Energy, Engineering & Industry
Recruiter ratio 27
Cost per hire £2,825

Health & Pharmaceuticals
Recruiter ratio 44
Cost per hire £1,265

The average (mean) budget is around £500,000, but the typical (median) budget is £200,000. As with the staffing levels the budget figures are more meaningful when you relate them to the number of hires to give a cost-per-hire. The average cost-per-hire was £4,794 while the typical cost per hire was £2,778. Figure 2.1 shows the average size of the recruiting team and the average cost-per-hire by sector.

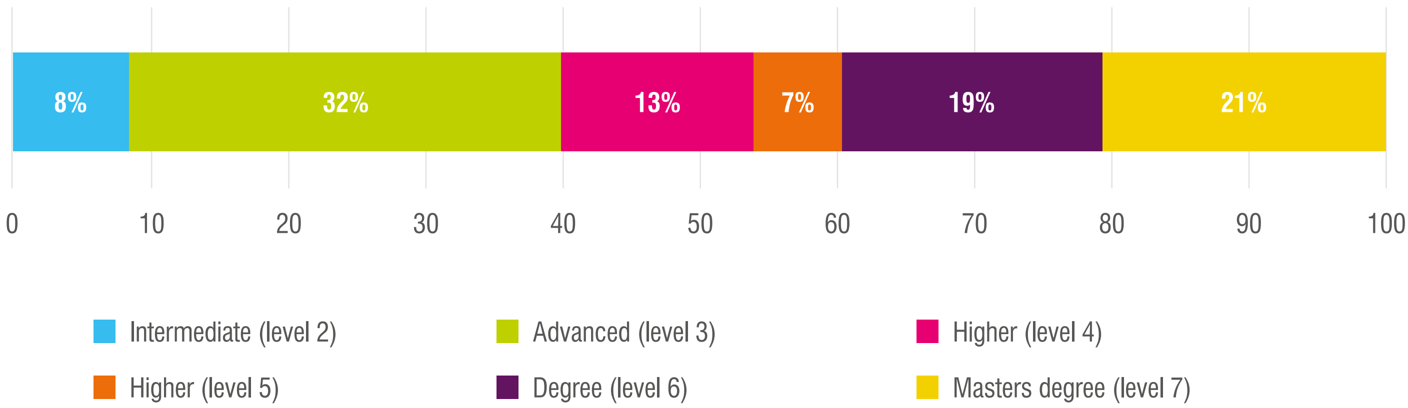
Apprenticeships and the levy

A key strategic question for organisations is what mix of types of hires to recruit. In chapter 3 we discuss graduates, chapter 4 school and college leavers and other non-graduate entry level hires and chapter 5 interns and placement students. While many organisations have always had this mix of entry-level staff, the introduction of the apprenticeship levy and associated government policy around apprenticeships has served to bring non-graduate entry-level hires into focus and arguably raised the status of apprenticeship programmes, placing them alongside, and sometimes overlapping with, many organisations' graduate programmes.[13]

The average proportion of their apprenticeship levy budgets that respondents are spending

The overwhelming majority (79%) of respondents reported that they employed apprentices. However, relatively few organisations are delivering the volume of apprenticeships that the government is hoping for and incentivising through the apprenticeship levy. On average organisations are only spending a third (33%) of their apprenticeship levy. This is actually a slightly lower proportion than we found in last year's survey (37%) and suggest that levy spending may have plateaued amongst ISE members.[14] Although it is important to be cautious about between year comparisons as the sample of respondents varies somewhat from year to year.

Figure 2.2
The average proportion of different apprenticeship levels being delivered (%)
(82 organisations)



Apprenticeships are being delivered at a wide range of different levels ranging from level 2 (equivalent to a GCSE) to level 7 (equivalent to a postgraduate qualifications). Figure 2.2 breaks down the average profile of different apprenticeship levels reported by respondents.

The profile of apprenticeship levels shown in Figure 2.2 is suggestive of the wide range of different types of employees who are being enrolled on apprenticeships. The most common type of apprentice reported by respondents is a non-graduate entry level hire (86% of these hires are enrolled on an apprenticeship, a total of 19,030 apprentices). But respondents also revealed that they are enrolling an average of 12% of their graduate hires on apprenticeships (a total of 3642 graduate apprentices). In addition to using their levy to pay for entry level hires, respondents also reported enrolling a total of 11,876 existing staff onto apprenticeships (an average of 158 per employer). This means that respondents to this survey employed or started 34,548 apprentices during 2019/2020.

13 Institute of Student Employers. (2019). *Stability, transparency, flexibility and employer ownership. Employer recommendations for improving the apprenticeship system.* London: ISE.
14 Institute of Student Employers. (2019). *Inside student recruitment 2019. Findings of the ISE recruitment survey.* London: ISE.

Kickstart

Apprenticeships and the apprenticeship levy demonstrate that government policy can exert influence on organisational recruitment. In the light of the pandemic and concerns about youth unemployment, the government announced the *Plan for Jobs,* a range of new initiatives to encourage employers to keep recruiting.[15] This includes incentives for employers to take on more apprentices and trainees and also introduced a new scheme called 'Kickstart' which provides a wage subsidy for employers who take on young people who have been unemployed for more than six months. ISE's early polling of employers suggested that there was a fairly lukewarm response to the *Plan for Jobs*.[16]

We specifically asked about employers engagement in Kickstart in this survey as it has the potential to open up a completely new stream of recruitment for employers which is distinct from graduate schemes, apprenticeships and other non-graduate routes and the internships and placements. However, most organisations (56%) are currently unsure as to whether they will engage with Kickstart and a third (33%) have already ruled out participating in the scheme. Only around 11% are actively planning to engage with the scheme. Some of the sectors that have been hardest hit by the recession such as the *Built environment* sector (33%) and *Retail & FMCG* (30%) most likely to engage whilst those in *Health & Pharmaceutical* (0%), *Legal* (5%) and *Finance & Professional services* (6%) the least likely to engage.

It is still early days for Kickstart, but at present it looks like relatively few ISE members plan to add this route into their student recruitment portfolio.

"... It is still early days for Kickstart, but at present it looks like relatively few ISE members plan to add this route into their student recruitment portfolio.

39%

Employers sponsored international students for tier 2 visas

International students

Before the pandemic Brexit was one of the main sources of business uncertainty. Student employers have long relied on recruiting international students, especially those drawn from the EU, to fill some of their roles. Given this there were a number of concerns in late 2019 and early 2020 about what the new migration system would look like.[17] As one respondent to this survey noted:

We're global, so the UK is just one of our recruitment markets. However, the uncertainty around Brexit for international students and British students considering graduate programmes in Europe is having a negative impact on the diversity of applications. (Health & Pharmaceuticals)

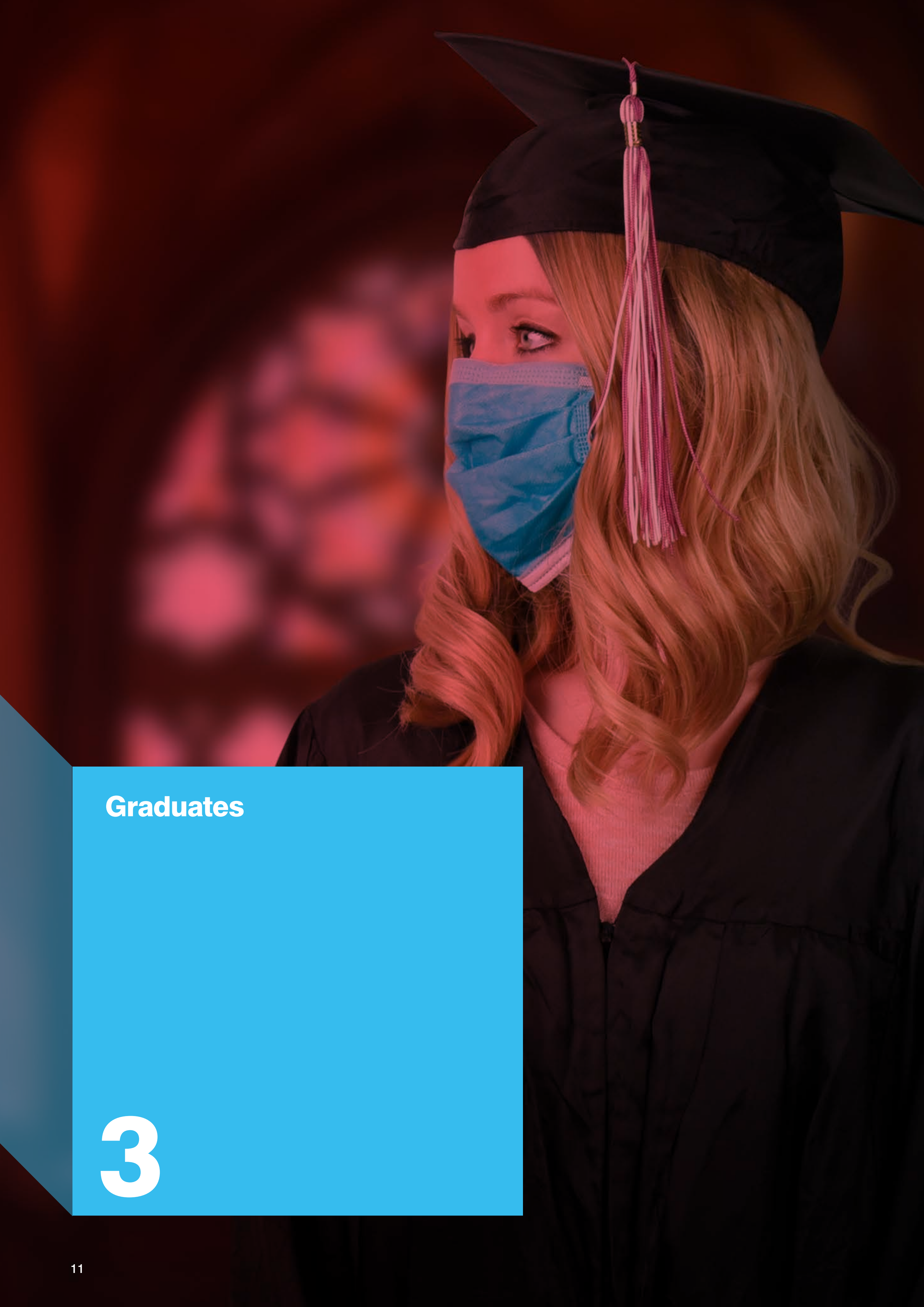
Given this concern we wanted to capture the current state of play for those recruiting international students. Many organisations reported that they typically recruited some international students as part of their student recruitment. On average organisations reported that 12% of their student intake during 2019/2020 were not British citizens. A substantial minority of respondents (39%) reported that they sponsored international students for tier 2 visas as part of their student recruitment.

Most (64%) respondents were unsure whether the number of international students that they recruit next year will go up or down. Twenty-eight per cent thought that their international recruitment would stay the same with 6% expecting it to decrease and 2% expecting it to increase.

15 Hooley, T. (2020). What the Plan for Jobs means for student employers. https://insights.ise.org.uk/tag/covid-bulletin insights.ise.org.uk/policy/blog-what-the-plan-for-jobs-means-for-student-employers.

16 Hooley, T. (2020). Responding to the Plan for Jobs. https://insights.ise.org.uk/tag/covid-bulletin insights.ise.org.uk/policy/blog-responding-to-the-plan-for-jobs.

17 Hooley, T. (2020). How migration policy should change after Brexit. https://insights.ise.org.uk/tag/covid-bulletin insights.ise.org.uk/policy/blog-how-migration-policy-should-change-after-brexit.



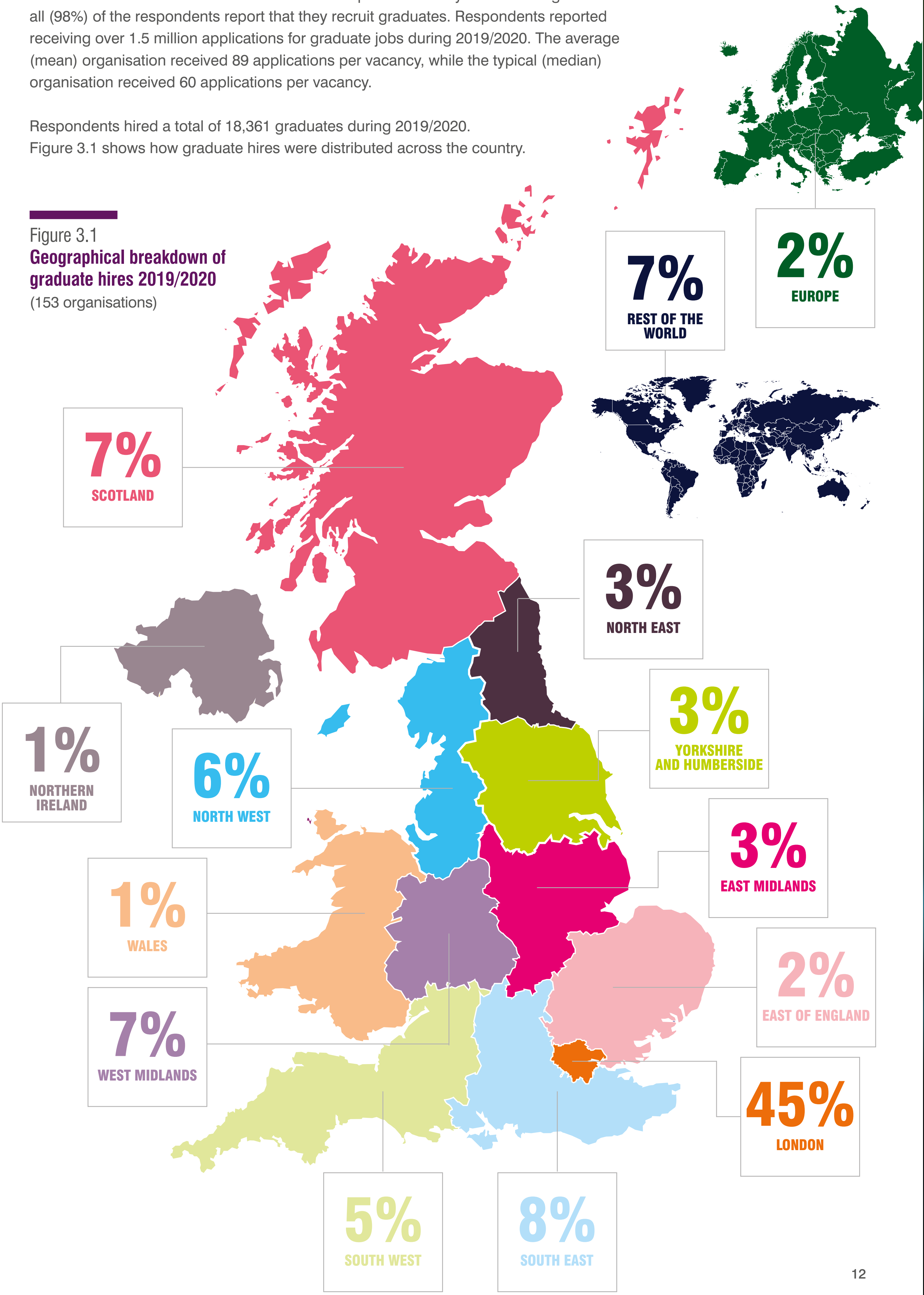
Graduates

3

Graduate recruitment is at the centre of most respondents' early career strategies. Almost all (98%) of the respondents report that they recruit graduates. Respondents reported receiving over 1.5 million applications for graduate jobs during 2019/2020. The average (mean) organisation received 89 applications per vacancy, while the typical (median) organisation received 60 applications per vacancy.

Respondents hired a total of 18,361 graduates during 2019/2020. Figure 3.1 shows how graduate hires were distributed across the country.

Figure 3.1
Geographical breakdown of graduate hires 2019/2020
(153 organisations)

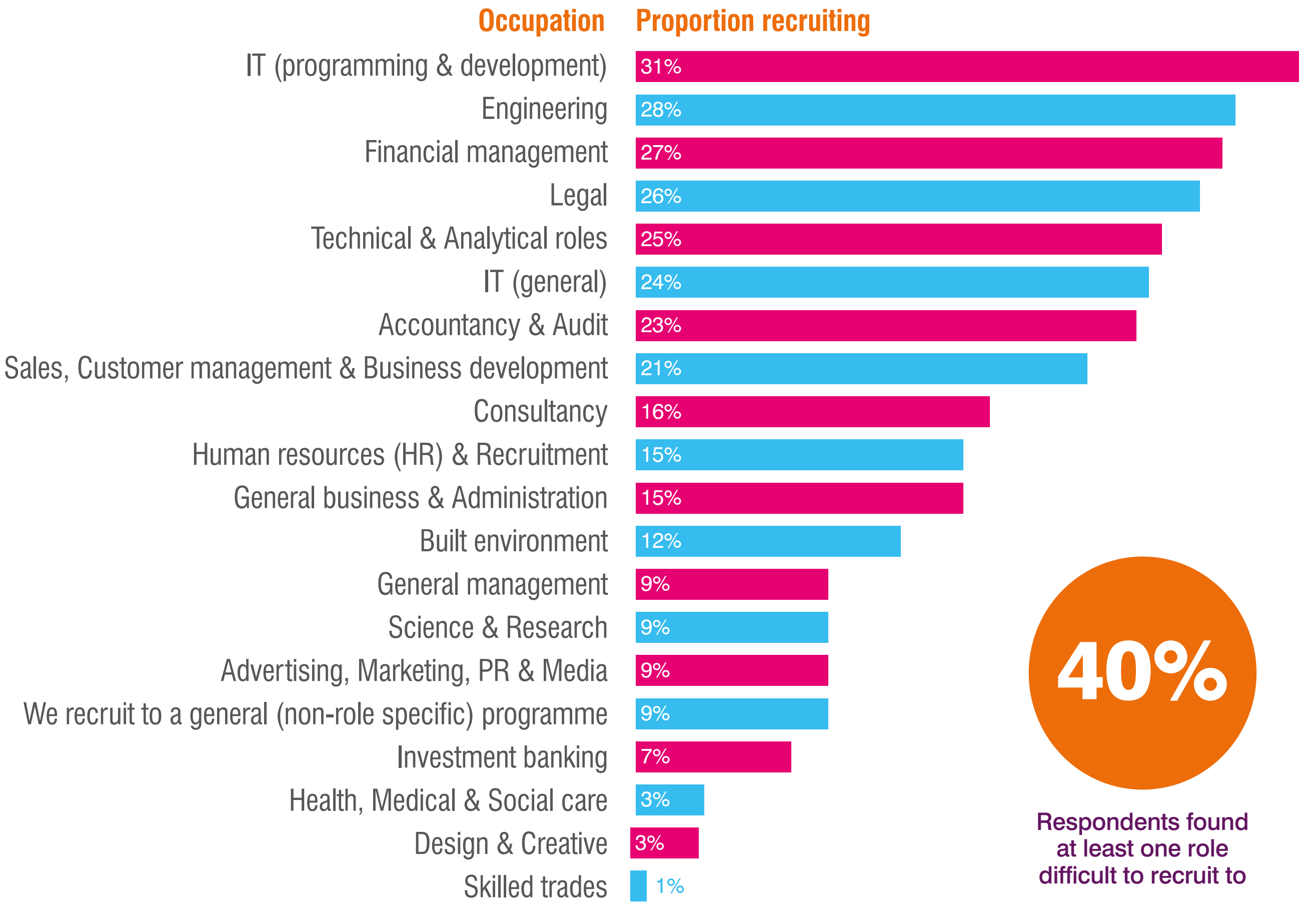


Around a third (30%) reported that they had reduced the number that they planned to hire throughout the year. As we have discussed in our previous reports, graduate recruitment, along with other types of student recruitment, has been disrupted by the pandemic leading many employers to reduce their overall number of hires during the recruitment season.

Graduate roles

Respondents reported that graduates were being recruited for a wide range of roles. Figure 3.2 sets out the most common roles that graduate employers were recruiting to.

Figure 3.2
Proportion of graduate employers recruiting to different occupations (171 organisations)



42%

Of employers recruiting IT programmers found it difficult to find the right candidate

Some of these roles were more difficult to recruit to than others. A substantial minority of respondents (40%) reported that they found at least one role difficult to recruit to. The respondents were more likely to report that they found it difficult to recruit if they were in the *Health & Pharmaceutical* sector (where 100% reported difficulty), *Energy, Engineering & Industry* (55%) or *Finance & Professional services* (53%). While only 8% of organisations in the *Legal* sector reported difficulty recruiting any of their roles.

In terms of roles, organisations highlighted IT (programming & development) where 42% of the employers recruiting to this role were finding recruitment difficult. Other roles that were difficult to recruit to included Engineering (35%), IT (general) (32%), Technical & Analytical roles (31%)

and Accountancy & Audit (20%). Some respondents provided more detail on specific roles that were challenging to recruit to. They highlighted actuaries, data scientists, quantity surveyors and risk management professionals and provided more detail on the kinds of engineers that they were struggling to recruit (notably electrical, mechanical, nuclear and civil engineers).

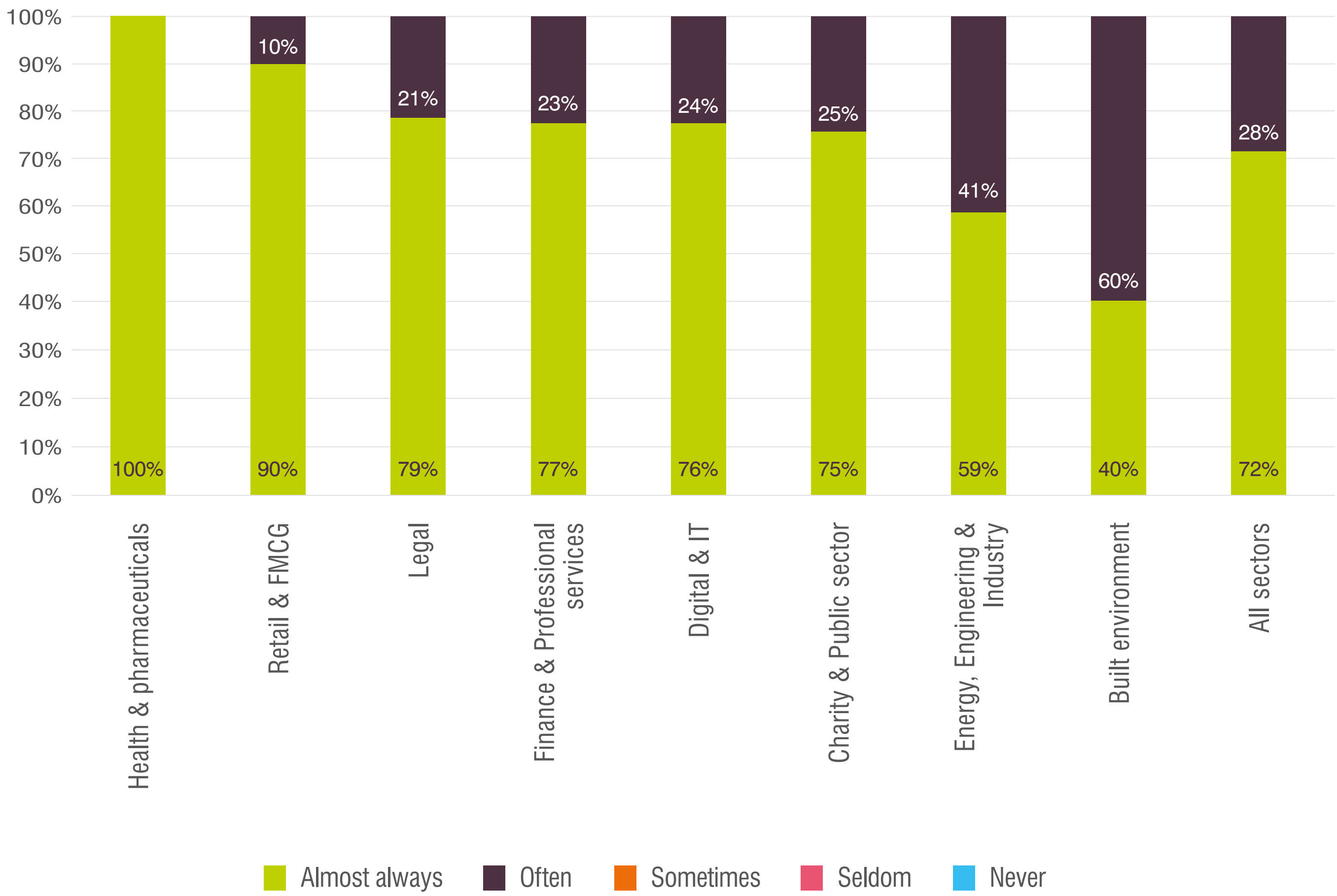
Where employers reported that it was difficult to recruit to graduate roles they were most likely to report that this was due to heavy competition from other employers for the graduates suitable for those roles (reported by 44% of employers struggling to recruit). Other reasons included it being difficult to find graduates with the skills that they needed (34%), that not enough graduates were interested in the roles that they were recruiting for (24%), that their organisation was located remotely or was not on good transport links (15%), or that there were low numbers of graduate applicants (14%).

72%

Employers are 'almost always' able to find the quality of graduates that they need

Overall employers reported that they are generally able to recruit graduates with the skills, knowledge and behaviours that they need. Most (72%) reported that they were 'almost always' able to find the quality of graduates that their business needs with the rest (28%) reporting that they could 'often' find the right quality of graduates. This was a considerable improvement from when we asked the same question last year when only 58% of respondents reported that they were 'almost always' able to find the quality of candidate that they wanted. This perhaps suggests that employers have been able to pick and choose more during a period when the labour market was contracting. There were some interesting differences between sectors with *Health & Pharmaceuticals, Retail & FMCG* and the *Legal* sector most positive about the quality of graduates as is shown in Figure 3.3.

Figure 3.3
Organisations' ability to recruit the quality of graduate hires that they need (172 organisations)



12%

Decline in the number of graduates recruited in 2019/2020

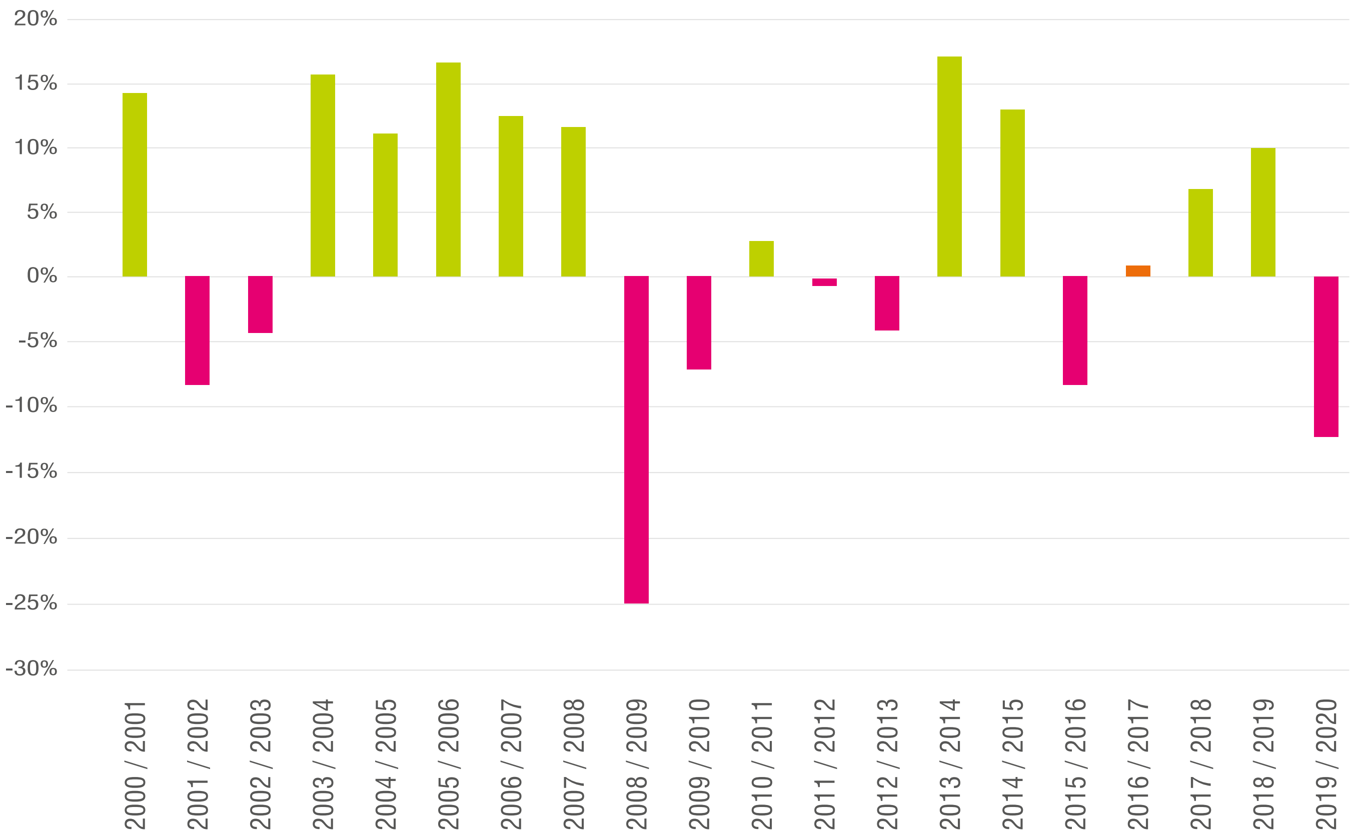
Graduate recruitment in decline

As we have already seen, some employers decided to reduce the volume of their graduate recruitment during 2019/2020. This resulted in an overall decline in the volume of graduate recruitment in comparison with last year. Respondents who were able to provide figures for both years reported that between 2018/2019 and 2019/2020 while the volume of applications was going up (by 14%) the overall number of students hired was in decline (-12%).

Figure 3.4 puts the 12% decline reported this year into some historical context. It shows that while it is not the worst year for graduate recruitment (that honour goes to 2008/2009), it is one of the larger year-to-year falls in graduate recruitment.

Figure 3.4

Growth or shrinkage in the graduate recruitment market 2000/2001 – 2019/2020[18]



Given the size of the decline in the graduate market, it is interesting to look at organisations' predictions for next year. The organisations who were able to provide an estimate of their recruitment plans for next year suggest that this decline is likely to level out (see Figure 3.5). However, the firms that were unsure about their hiring during September and October (when the survey was open) may be more likely to reduce their end of year targets. This suggests that the 2% decline in hiring between 2020 and 2021 that is indicated in Figure 3.5 may be a best-case scenario and that the final number of graduates hired may continue to decline as the year unfolds.

The number of recruits we anticipate for 2021's intake is less predictable now given the economic impact of Covid-19 and Brexit. Essentially the numbers are going to go one of two ways by the time we get to January 2021.

2%

Further decline in graduate hires predicted for 2020/2021

18 All historical data presented in this report are based on ISE published reports (see https://ise.org.uk/page/ISEPublications). Inevitably there is some variation of methodology over these extended periods and so findings should be compared with caution.

Figure 3.5
Graduate hires 2018/2019 to 2020/2021 (126 organisations)

The decline in hiring has been unevenly spread amongst the different sectors. While the Charity & Public sector has seen growth between the numbers hired in 2018/2019 and the anticipated hires for 2020/2021 (4%), Retail &FMCG has seen a dramatic decline in hiring (-45%). Figure 3.6 shows the percentage change for all sectors.

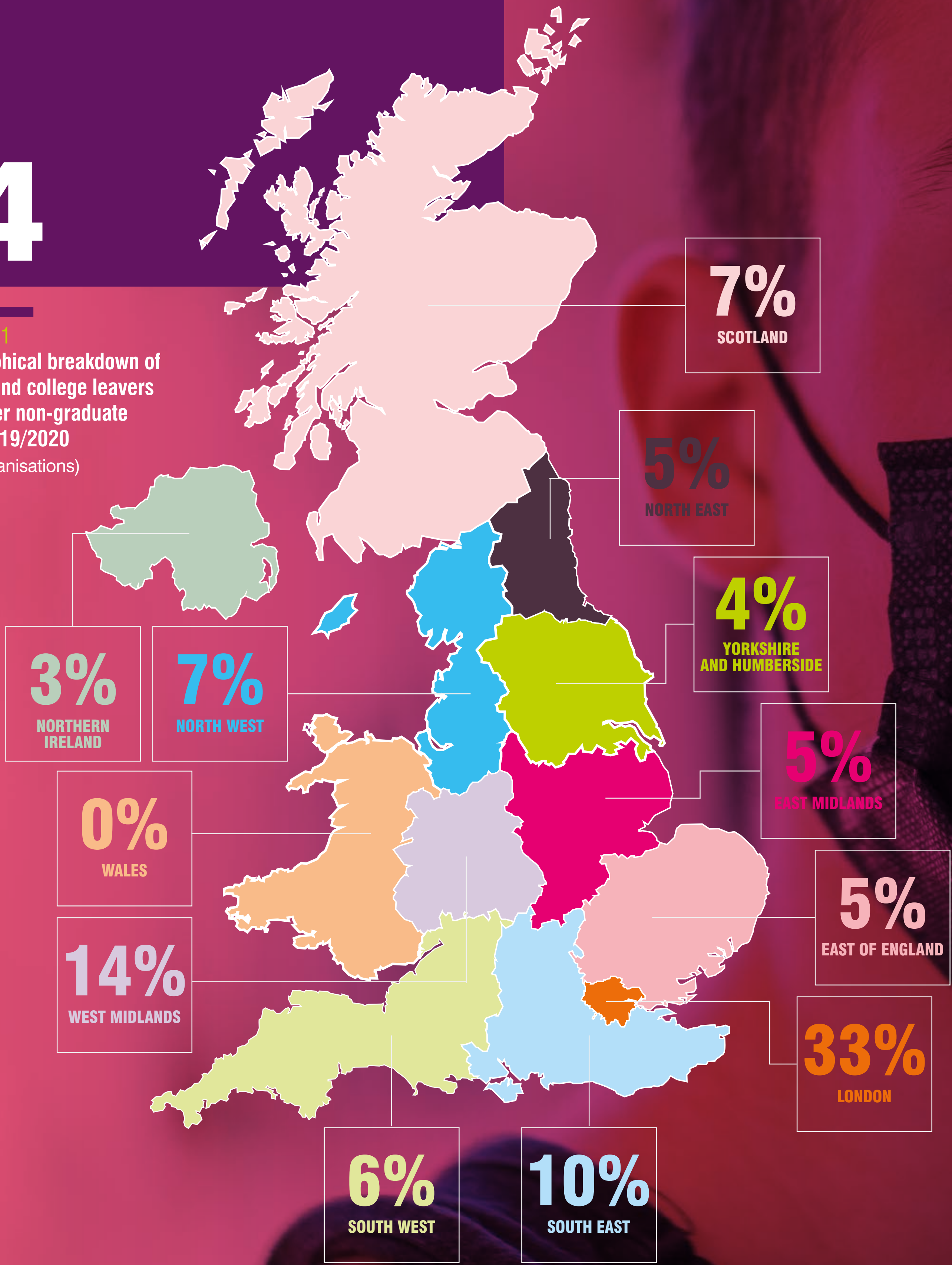
Figure 3.6
Change in overall hiring numbers 2018/2019 to 2020/2021 (126 organisations)

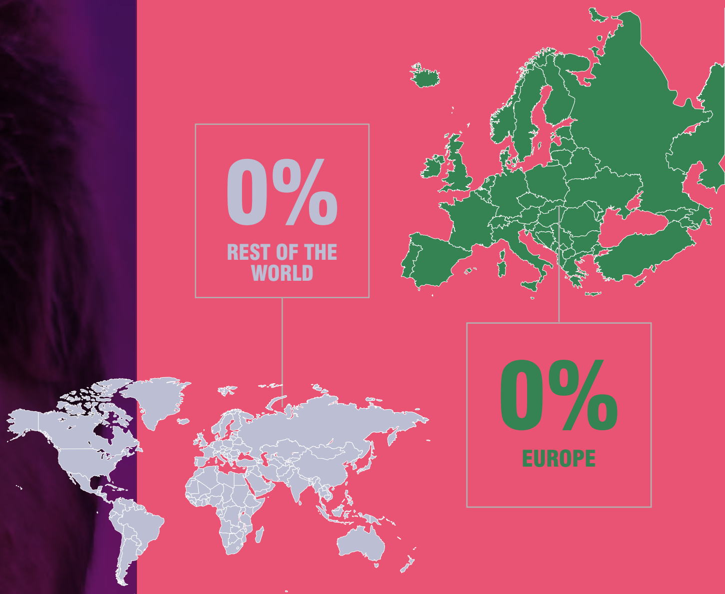
Sector	Percentage change
Charity & Public sector	4%
Health & Pharmaceuticals	0%
Energy, Engineering & Industry	-1%
Legal	-4%
Finance & Professional services	-8%
Digital & IT	-20%
Built environment	-25%
Retail & FMCG	-45%

School and college leavers

4

Figure 4.1
Geographical breakdown of school and college leavers and other non-graduate hires 2019/2020
(153 organisations)





School and college leavers as well as other non-graduate entry level routes[19] are an important element of employers' recruitment strategies. If the Kickstart scheme discussed in chapter 2 gets going it will add a new route into organisations for unemployed young people. However, for now, apprenticeships are the main pathway for school and college leavers who are pursuing a non-graduate route, with 86% being enrolled on apprenticeship programmes.

Most of the survey respondents (65%) recruit school and college leavers and other non-graduate entry level hires. In total respondents received 248,684 applications for non-graduate entry-level positions during 2019/2020. The average (mean) organisation received 54 applications for every hire while the typical (median) organisation received 39 applications for every hire. This is considerably lower than for graduates, but still demonstrates a fairly competitive market for these roles.

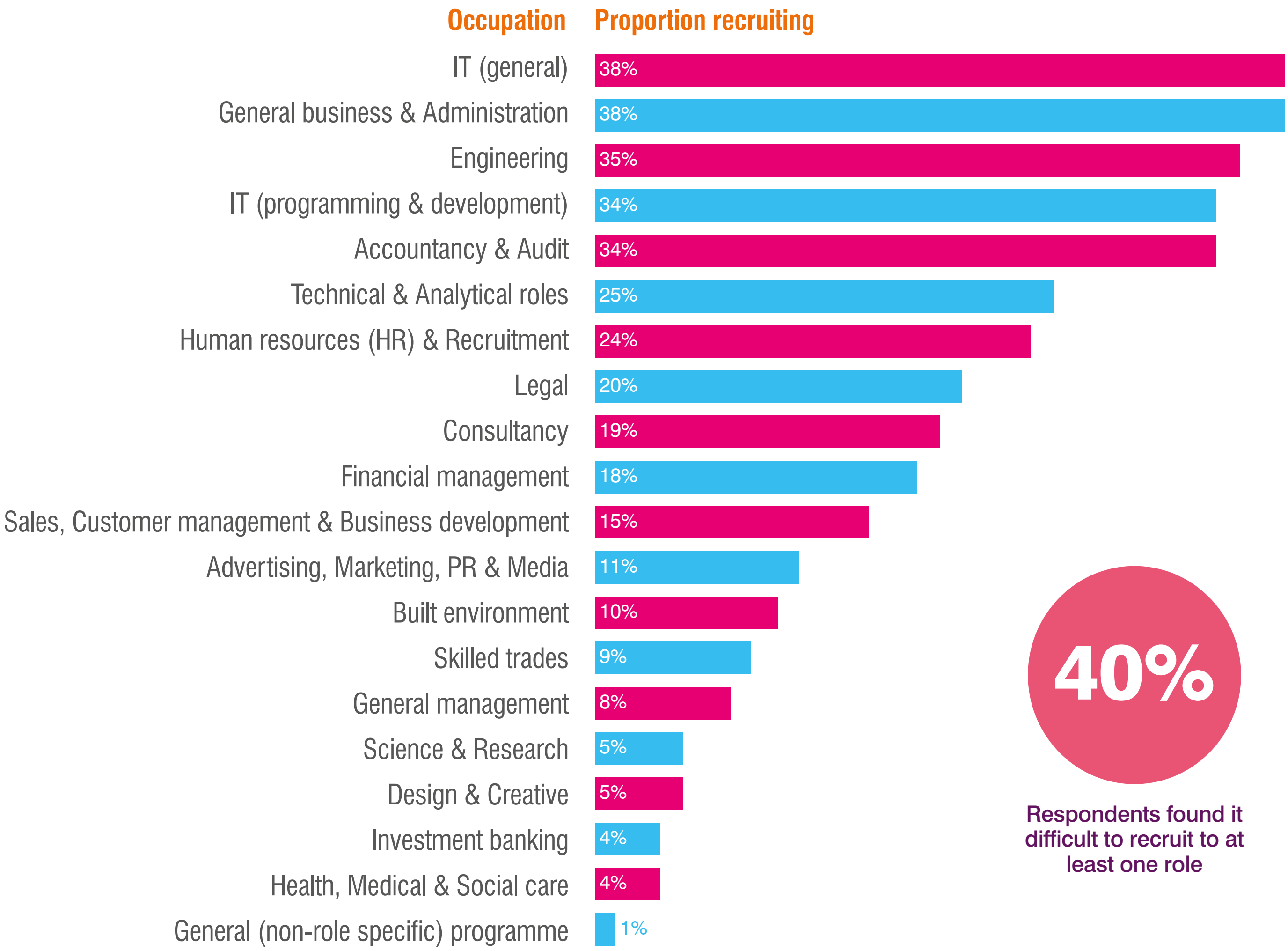
Respondents recruited 19,795 school and college leavers during 2019/2020, but around half (51%) reported that they had reduced the number of non-graduates that they had recruited during the year. This suggests that school and college leaver recruitment was more disrupted by the pandemic than graduate recruitment, but it has not ultimately resulted in a substantial decline in non-graduate numbers. Figure 4.1 shows how non-graduate entry-level hires were distributed in the employers who were able to provide a geographical breakdown.

19 The language of 'school and college leavers' is used throughout this report to describe a range of non-graduate entry level routes into the workplace. Our previous research has shown that school and college leavers dominate this group, but that it may also include some young people who have been unemployed, NEET or in precarious work.

Roles for school and college leavers

School and college leavers were recruited to a wide range of roles. Figure 4.2 shows the proportion of those organisations that recruited students through this route who were recruiting them for different roles.

Figure 4.2
Proportion of employers recruiting school and college leavers to different occupations (80 organisations)



31%

Respondents reported that it was difficult to fill school and college leaver roles because of their location

Some of these roles were more difficult than others to recruit to. A substantial minority (40%) of the organisations recruiting school and college leavers found it difficult to recruit to at least one role. They highlighted IT programming where 33% of the employers recruiting to this role reported that it was difficult, skilled trades (29%), accountancy and audit (26%), technical and analytical roles (25%) and science and research roles (25%) as being occupations that it is more difficult to recruit to.

Where employers reported that it was difficult to recruit school and college leavers and other non-graduate hires they were most likely to report that this was due to issues of geography with jobs being located remotely or not served by good public transport links (31%). School and college leavers are likely to be less mobile than graduates leading to these geographical issues having greater prominence. Other important reasons included there not being enough candidates with the right skills (29%), candidates interested in doing this kind of work (25%), a low number of candidates generally (21%) and not enough with the required attitude, motivation or personality (21%).

Figure 4.3 (above)
Organisations' ability to recruit the quality of school and college leavers that they need (90 organisations)

Overall employers were fairly positive about their ability to recruit the school and college leavers that they needed, albeit considerably less positive than they were about graduates. Around half (52%) said that they were 'almost always' able to recruit the quality of school and college leavers that they needed, a third (33%) said that they were 'often' able, with 13% saying that they were 'sometimes' able and 1% saying that they were 'seldom' able to recruit the school and college leavers that they need. Figure 4.3 shows how this breaks down by sector and suggests that *Digital & IT* and the *Built environment* sectors are most positive, while the *Charity & Public* sector and *Retail & FMCG* are least positive about their ability to recruit high quality non-graduates.

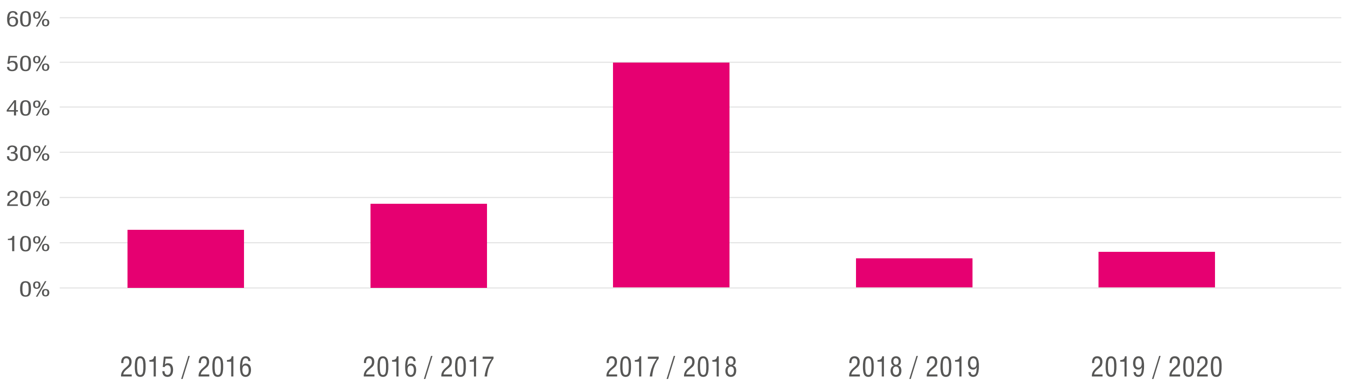
School and college leaver recruitment has stabilised

Organisations that were able to report data for 2018/2019 and 2019/2020 reported an increase in applications for school and college leaver roles of 8% with a corresponding 6% increase in the number of candidates that were hired. Figure 4.4 puts the growth of the school and college leaver sector into some historical contexts (although ISE has not been collecting data on this group for as long as graduates).

6%

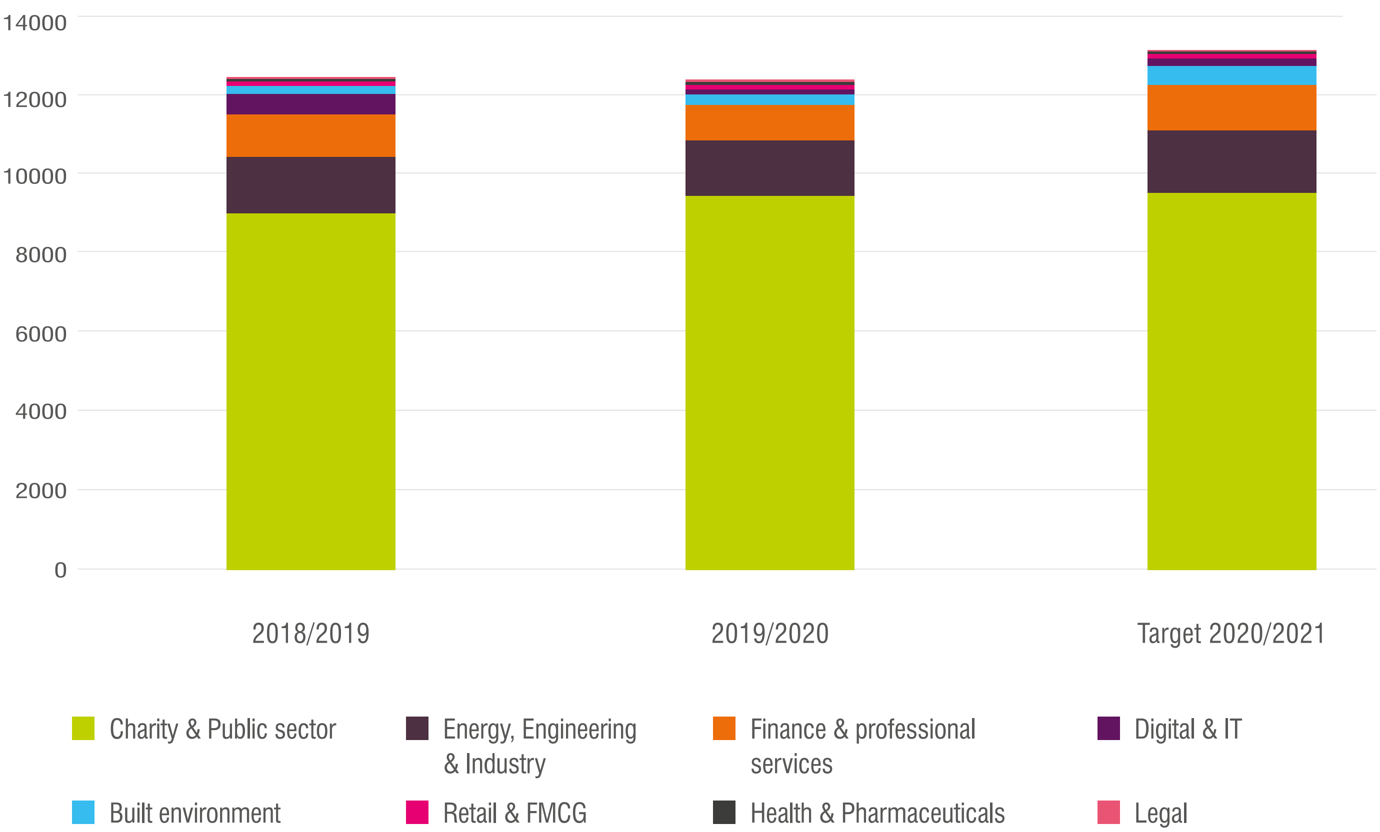
More school and college leavers were hired in 2019/2020

Figure 4.4
Growth in the school and college leaver recruitment market 2015/2016 – 2019/2020



The organisations who were able to provide data for 2018/2019, 2019/2020 and an estimate of their recruitment for next year suggest that the overall number of school and college leavers hired by ISE members has stayed fairly stable across the three years. Figure 4.5 breaks this down by sector.

Figure 4.5
School and college leavers hired 2018/2019 to 2020/2021 (59 organisations)

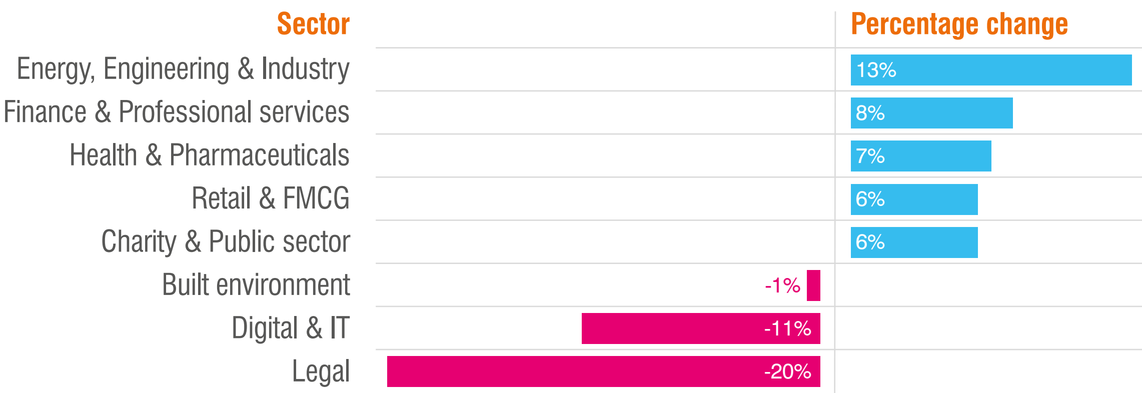


As with the graduate figures it is likely that the organisations that were unable to provide figures for the current year may ultimately be less likely to recruit. This could mean that the final picture looks worse by the end of the 2020/2021 recruitment cycle. However, the fact that non-graduate recruitment amongst respondents stayed fairly stable between 2018/2019 and the disrupted year of 2019/2020 (and may even have risen) and that respondents are predicting similar numbers for next year suggests that many respondents are, so far, not cutting back on the recruitment of school and college leavers.

Figure 4.6 shows the overall level of change between numbers from 2018/2019 and those predicted for 2020/2021 by sector for those organisations that were able to provide data for all three years. It shows that whilst *Energy, Engineering & Industry, Finance & Professionals services, Health & Pharmaceuticals, Retail & FMCG* and the *Charity & Public* sector are all anticipating increases in the number of school and college leavers that they are hiring, the *Built environment, Digital & IT* and the *Legal* sector are seeing the number of school and college leavers that they are recruiting dropping.

"... Many respondents are, so far, not cutting back on the recruitment of school and college leavers

Figure 4.6
Change in the overall number of school and college leavers hired 2018/2019 to 2020/2021 (59 organisations)



5

Interns and placement students

In addition to hiring graduates and school and college leavers, many organisations also recruit a range of short-term hires whilst students are in education. At the moment this is mainly limited to current higher education students, but the Kickstart scheme and the T levels[20] (which began this academic year) open up the possibility for similar short-term hires from further education and from the welfare-to-work sector. But, these possibilities remain in the future, with the interns and placement students discussed in this chapter drawn from higher education.

Internships describe a range of short-term opportunities undertaken by higher education students whilst they are still studying. These can take a range of forms but are normally offered as holiday jobs typically in the summer or over the Easter break. Placements are more formally integrated into students' degree programmes and typically take the form of a nine month to one year placement with a single employer. Many employers integrate these short-term hires into their graduate recruitment process, viewing them as a 'try-before-you-buy' opportunity. This means that many interns and placement students are ultimately taken on by their employer. On average respondents reported that they recruited 50% of their former interns or placement students into graduate jobs.

The overwhelming majority of respondents (79%) recruit interns or placement students. In total respondents received 373,589 applications for internships and 133,188 applications for placements during 2019/2020. Average (mean) organisations received 101 applications for every internship and 73 applications for every placement. While the typical (median) organisation received 42 applications for every internship and 50 for every placement.

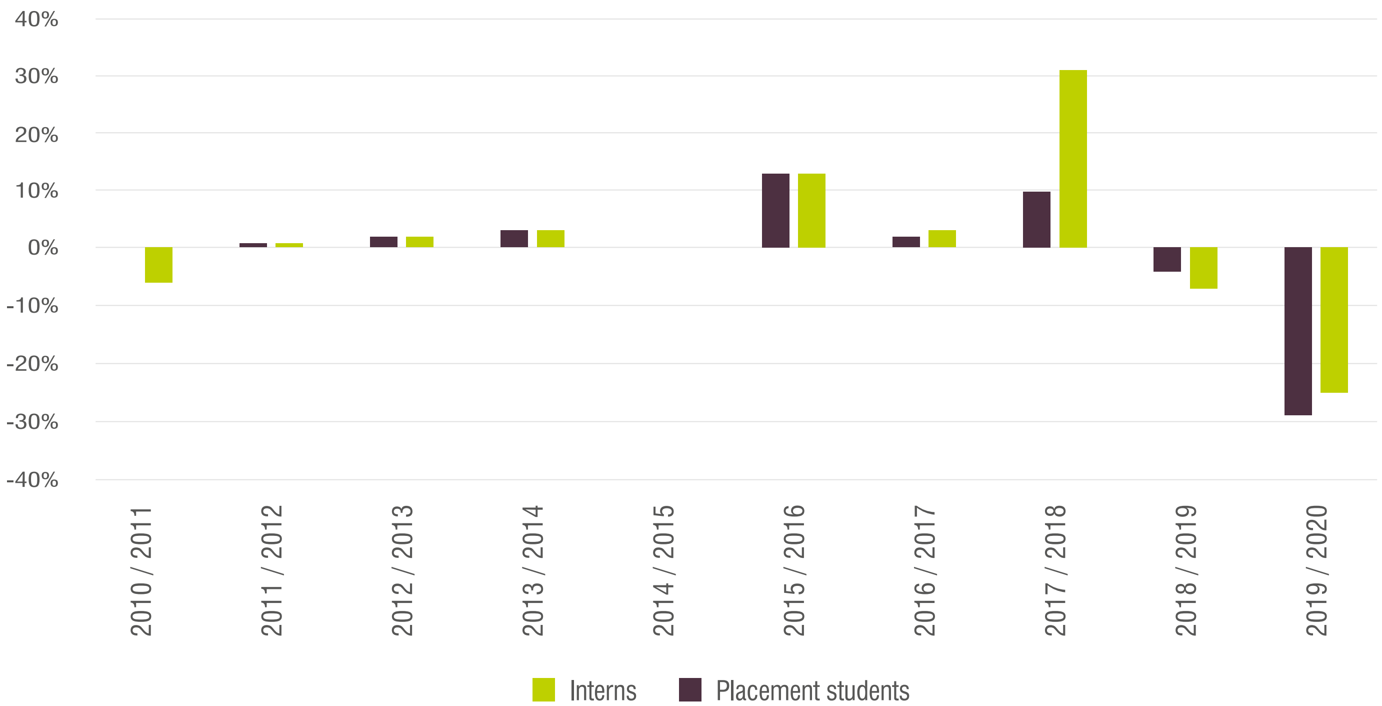
Respondents recruited a total of 5,496 interns and 2,416 placement students. A substantial minority of employers (39%) reported that they had decreased the number of interns and placement students that they were intending to recruit during 2019/2020. In our previous research we have found that many employers had to cancel, truncate or change summer internships schemes due to the constraints of lockdown and the pandemic.

20 T levels are new vocational qualifications designed to be equivalent to the academic A levels taken by many young people. A key element of the T levels is a formal, extended work placement. For further information see www.gov.uk/government/publications/introduction-of-t-levels/introduction-of-t-levels.

Internships and placements in decline

Organisations that were able to provide data for both 2018/2019 and 2019/2020 reported that there had been a 6% increase in the number of applications for internships and a 20% increase in applications for placements. However, this growth in applications was not matched by the actual number of jobs on offer. Employers reported a 29% decrease in internships and a 25% decrease in placements between the two years. Figure 5.1 places this in some historical context suggesting that this is one of the most substantial drops in intern and placement recruitment in recent history (although data does not go back to the height of the last recession).

Figure 5.1
Growth or shrinkage in the internship and placement student recruitment market 2010/2011 – 2019/2020



Organisations that were able to provide data for the last two years as well as a prediction for next year showed a substantial decline in the number of internships and placements that employers were recruiting over the three year period. Figure 5.2 shows this decline with a breakdown of the sectors where the jobs were located.

Figure 5.2
Internship and placement hires 2018/2019 to 2020/2021 (109 organisations)

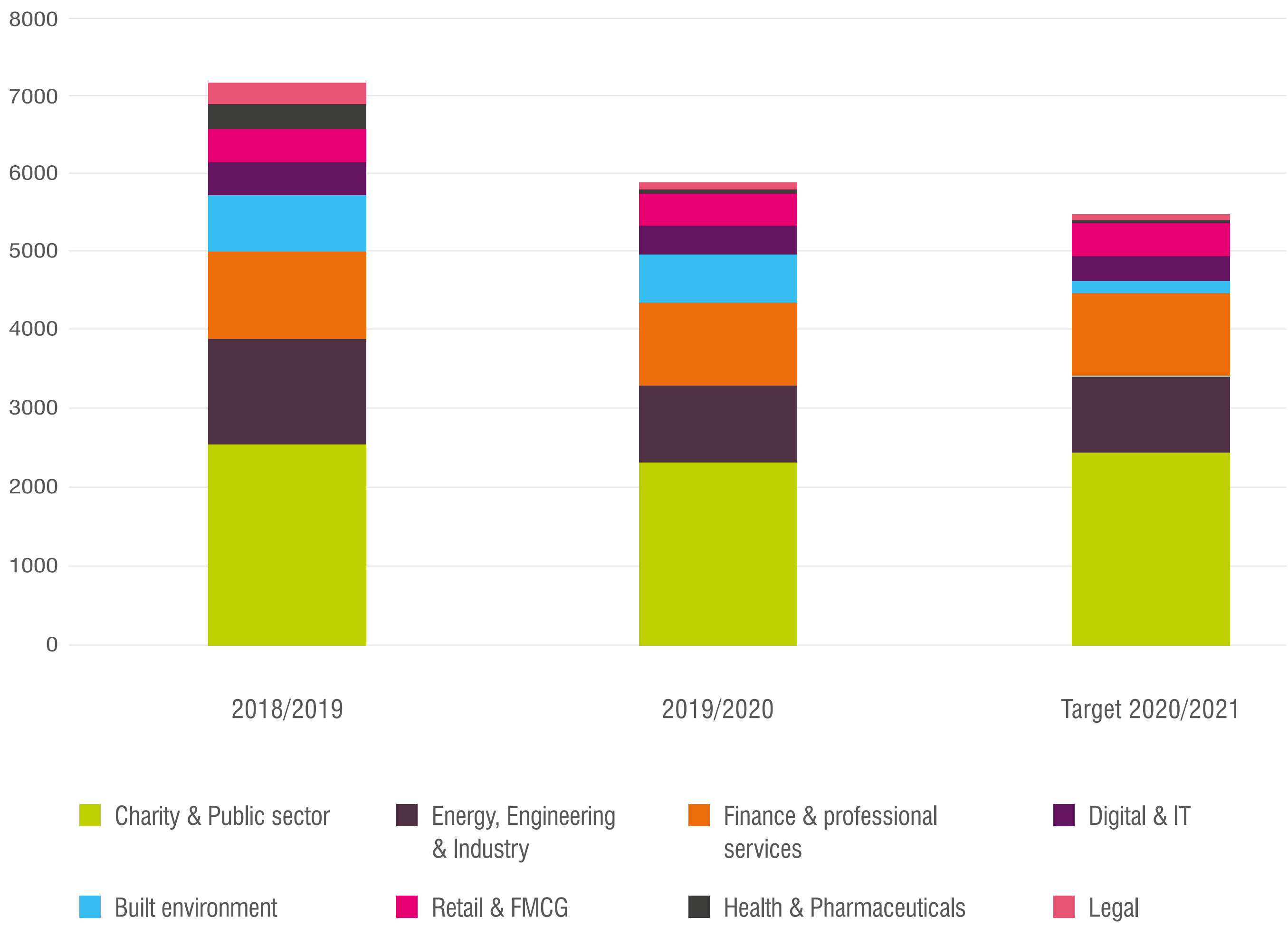
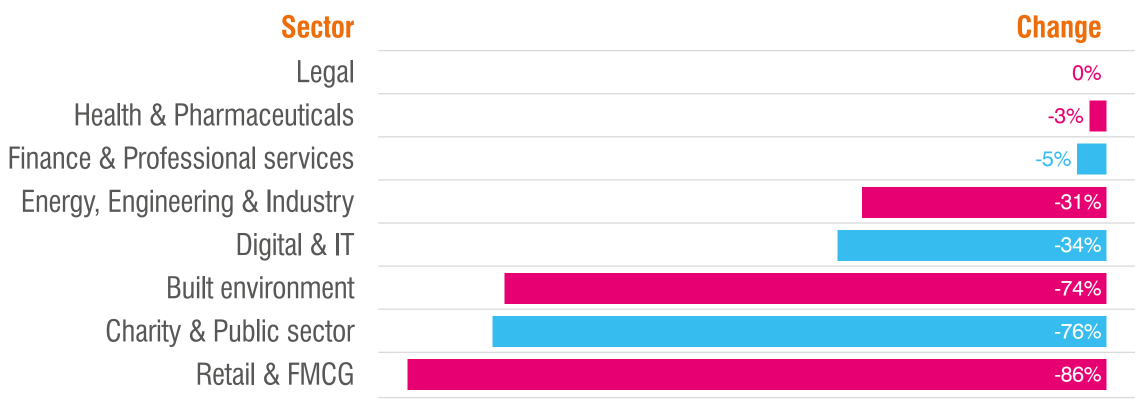
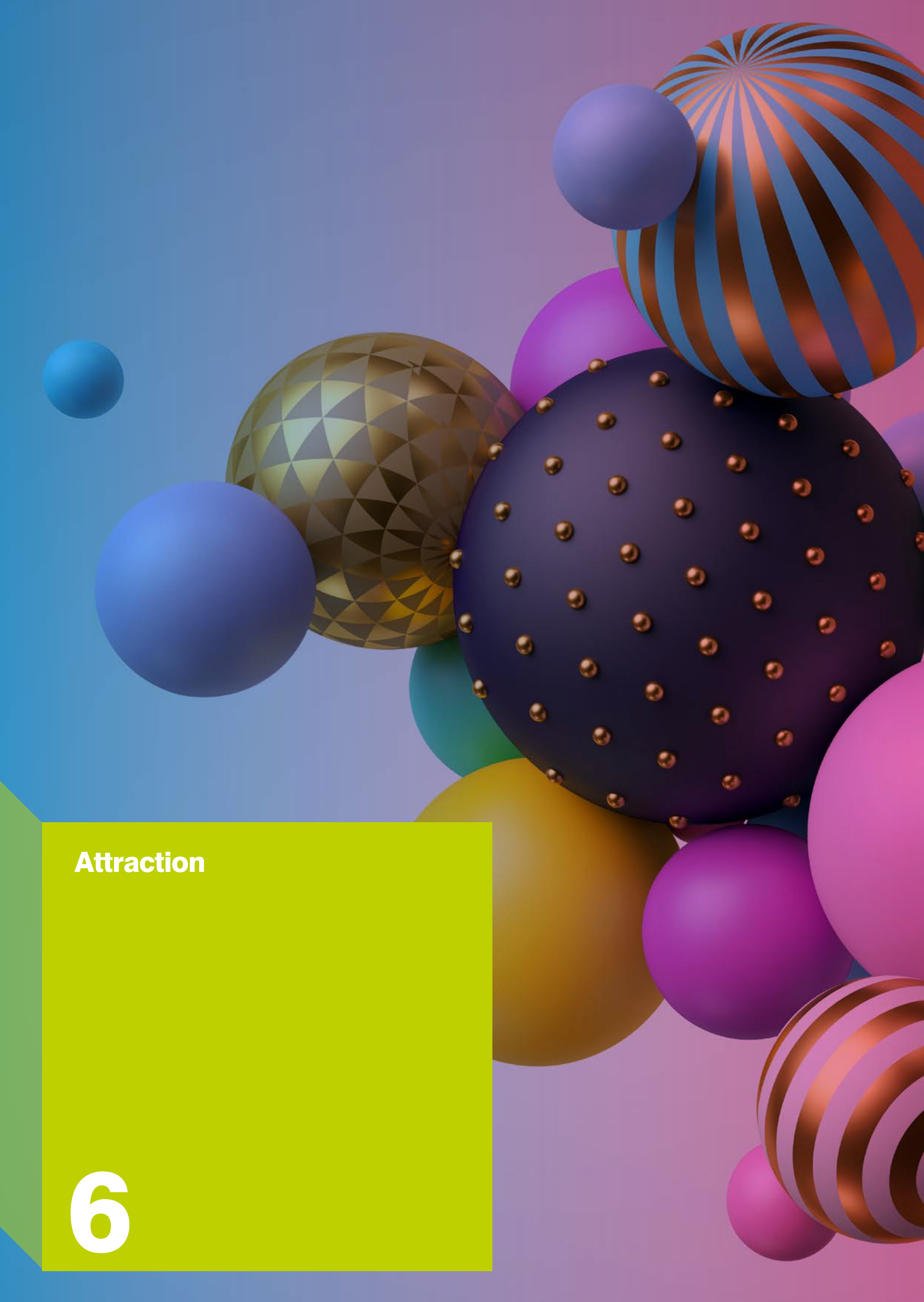


Figure 5.3 shows the change within each sector more clearly and demonstrates that the biggest changes have been within *Retail & FMCG,* the *Charity & Public sector* and the *Built environment.*

Figure 5.3
Change in overall internship and placement hiring numbers 2018/2019 to 2020/2021
(109 organisations)





Attraction

6

Figure 6.1
Recruitment campaign timetables

	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep
Graduates				
Opened campaign	**80%**	5%	2%	13%
Made the most offers	24%	**52%**	13%	11%
Closed campaign	18%	**34%**	**28%**	20%
School and college leavers				
Opened campaign	**57%**	33%	3%	7%
Made the most offers	13%	**45%**	26%	16%
Closed campaign	7%	**35%**	**36%**	23%

The timetable of student recruitment campaigns minimised the impact that the pandemic had on student attraction activities, but has left many employers needing to redesign their attraction activities for this year's campaign.

To recruit successfully, organisations have to engage students and attract applications from them. Normally this requires the use of a range of face-to-face, print and online marketing activities as well as deeper forms of engagement with education. While the pandemic disrupted many of these activities, the fact that it did not hit until March meant that many organisations had already completed most or all of the attraction phase of their campaign. However, in autumn 2020 they are grappling with the challenge of moving attraction online in the light of ongoing social distancing rules.

Organisations reported that last year they ran active and structured campaigns to attract both graduates and school and college leavers. For graduates, campaigns typically followed the academic year fairly closely, opening in the autumn and closing in the spring or early summer. Figure 6.1 shows the timeline of graduate and non-graduate campaigns. School and college leaver campaigns showed a less clear pattern, but still typically opened in the autumn and closed in the spring and early summer. Both types of campaign reported that they would be making the largest proportion of their offers in the early spring.

Organisations use a wide range of different techniques for marketing and attraction. We asked respondents about their use of marketing and attraction activities. Figure 6.2 shows how likely they were to rate each of these activities as effective in generating applications from candidates, how commonly the different activities are in use and whether the use of this approach had been disrupted by Covid-19.

Figure 6.2
Organisations use of marketing and attraction activities

Activity	Most effective	Used in 2019/2020	Stopped by Covid
Company website	54%	96%	2%
External job boards	44%	78%	3%
Social media marketing	37%	80%	2%
Careers fairs (face-to-face)	36%	87%	89%
Insight / open days	35%	60%	33%
Giving talks and workshops	27%	73%	22%
Visits to universities	27%	80%	61%
Targeted emails to students	19%	71%	2%
Campus rep/ambassadors	16%	39%	14%
Visits to schools and colleges	15%	53%	42%
Via your existing staff	15%	53%	2%
Careers fairs (virtual)	14%	37%	4%
Supporting student societies and events	11%	36%	9%
Managing your presence on ratings sites e.g. Glassdoor or Rate My Placement	8%	35%	4%
Outsourced recruitment to a specialist recruitment company	4%	15%	2%
Contributing to the curriculum	3%	15%	4%
Used an apprenticeship training provider to do the recruitment	3%	17%	2%
Printed materials	2%	67%	37%

Last year employers rated visits to universities as the most effective approach to recruit candidates. But, this year online attraction was seen as most effective with employers rating company websites, external jobs boards and social media marketing as the best approaches. These approaches were all in common use and have been minimally affected by the pandemic. The next most popular approaches: face-to-face careers fairs, insight or open days, giving talks and workshops and visits to universities have all been disrupted by the pandemic. The approaches identified by the fewest employers as effective were producing printed materials, using an apprenticeship provider to undertake recruitment on your behalf and contributing to the curriculum. Many employers have had to retool their attraction approaches for this year's campaign, as is described by one of the respondents to the survey.

Our student attraction was greatly boosted in 2019-20 by a big presence at face-to-face graduate fairs, where we had a strong engaging presence. In 2020-21 we have a concern our visibility as a graduate employer will be reduced as virtual careers fairs do not offer the same opportunity to catch passing trade. Students need to be more proactive in selecting employers they choose to talk to. (Respondent, Charity & Public sector)

89%

Employers report that face-to-face careers fairs have been stopped by Covid

Most of these attraction activities require employers to form a relationship with educational organisations. Most employers were strongly engaged with a range of different educational organisations with the average employer working with 39 schools and sixth form colleges, 9 further education colleges and 26 universities. Respondents also reported working with a range of large-scale national networks and attending national and subject specific careers events that were not linked to any particular institution.

Diversity in attraction

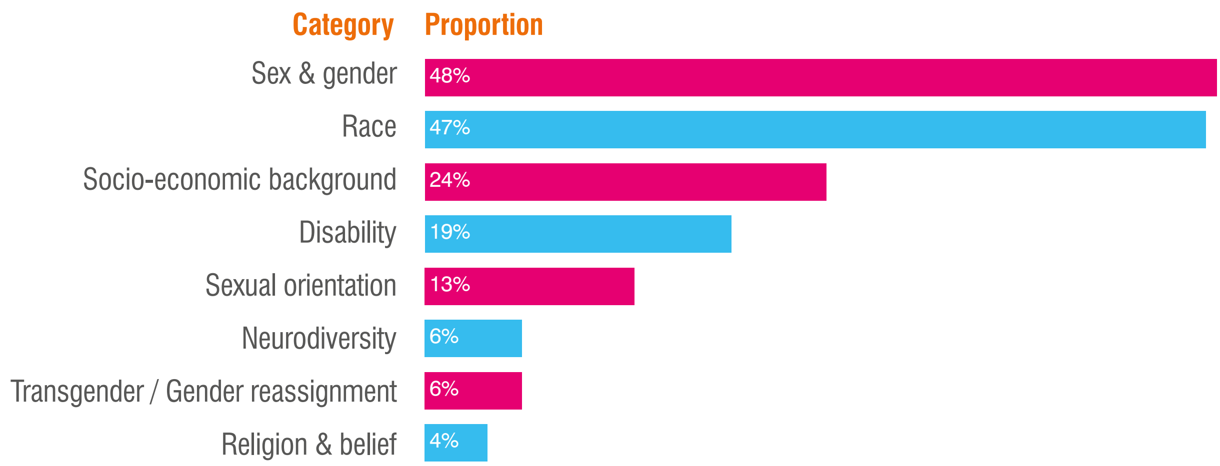
Many organisations are keen to attract a more diverse range of candidates as part of their attraction activities. Most (62%) reported that they had formal targets around the attraction of different cohorts of candidates. Figure 6.3 shows the proportion of organisations with targets against different diversity strands.

62%

Employers have diversity targets

Figure 6.3

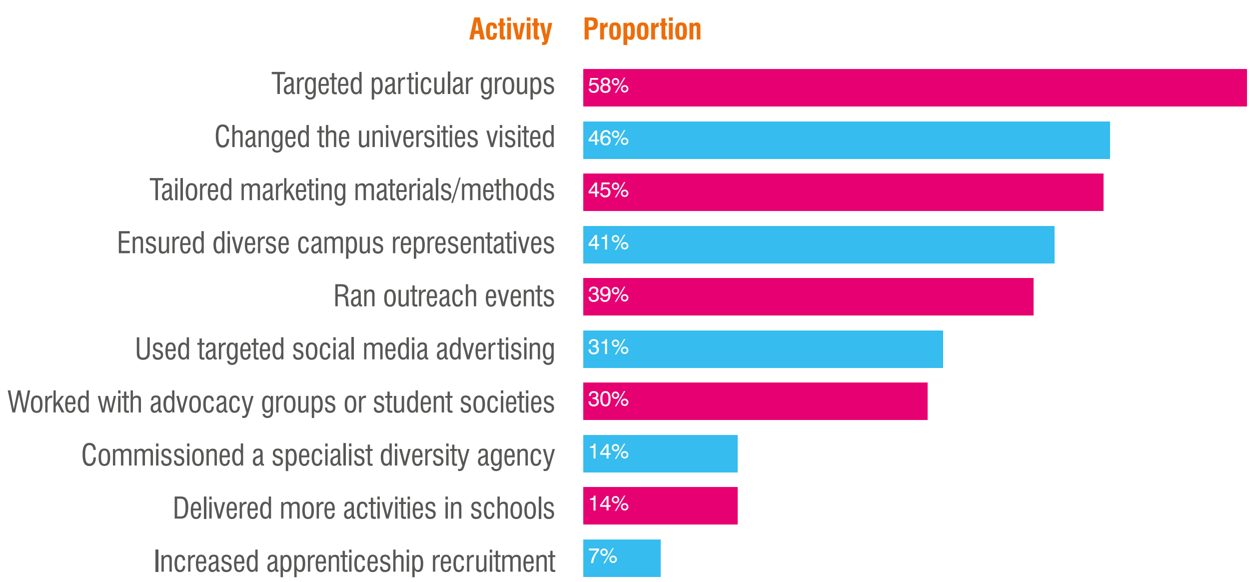
The proportion of organisations with targets for attracting diverse hires



Almost all (89%) of the employers who responded reported taking some actions to maximise the diversity of the candidates that they attract. Figure 6.4 shows the range of actions that they were taking. It shows that actively targeting the particular groups that you wish to recruit, changing the universities visited and tailoring marketing materials and approaches are the most popular way to improve diversity.

Figure 6.4

Action taken by employers to attract more diverse candidates



7 Selection

83%

Employers set minimum requirements for applicants

While all respondents use a range of different selection approaches to identify the candidates that they want to employ, there are various underpinning philosophies that inform the organisation's overall approach. Most (78%) described their approach to recruitment and selection as 'competency based', while almost half (46%) described their approach as 'strengths based'. Others described their approach as 'values based' (36%) or 'technical' (31%). More than half (56%) felt that their overall approach to recruitment and selection was informed by more than one of these philosophical approaches.

Minimum requirements

Most employers (83%) set some minimum requirements as the first hurdle that candidates have to clear to be selected. Figure 7.1 shows the most common minimum requirements that are set for graduates.

Figure 7.1
Minimum entry requirements for graduates (171 organisations)

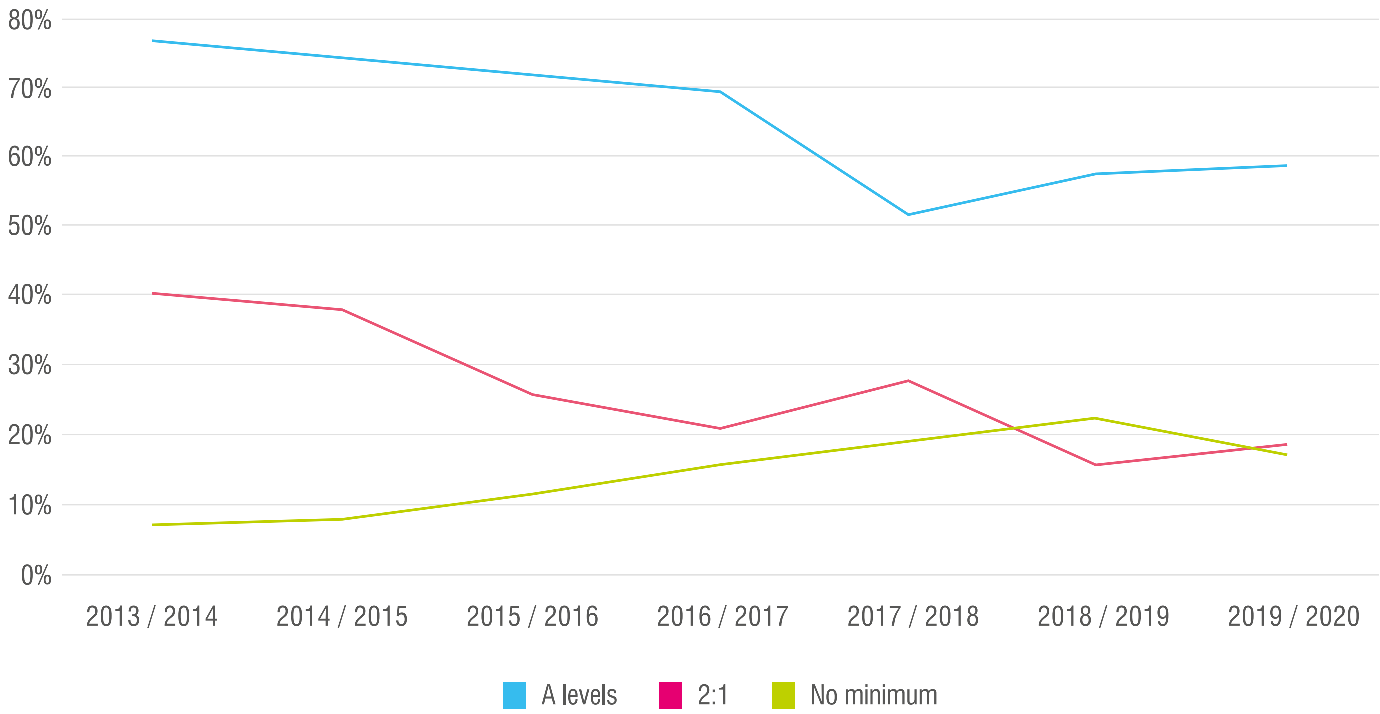
Minimum requirements	Proportion
2:1 degree	58%
2:2 degree	25%
Minimum UCAS tariff or A level grades	19%
No minimum entry requirements	17%
Specific subject degree	15%
Relevant work experience	5%
Postgraduate degree	4%

It is worth noting that it is relatively uncommon for employers to require a specific degree, only around 15% did so, and even more uncommon to require a postgraduate degree (4%). This does not mean that certain degrees, including postgraduate degrees, do not bring advantages in the recruitment process, but not having a particular degree is unlikely to disqualify a candidate.

Over the last few years the ISE has reported a trend towards employers abandoning specific academic requirements as an entry criteria. Figure 7.2 suggests that this trend may have peaked and that academic attainment (either evidenced by good A levels, UCAS points or a 2:1 degree) continues to be important for students seeking a graduate job.

Figure 7.2

The proportion of employers using educational qualifications as minimum requirements 2013/2014-2019/2020



Selection activities

Respondents reported using a wide range of different selection activities. As well as asking them which activities they were using during 2019/2020, we also asked them which were most effective in the first stage of selecting candidates to narrow the field and then in making the final decision. We also asked about which selection activities had been stopped by Covid. Figure 7.3 sets out the findings.

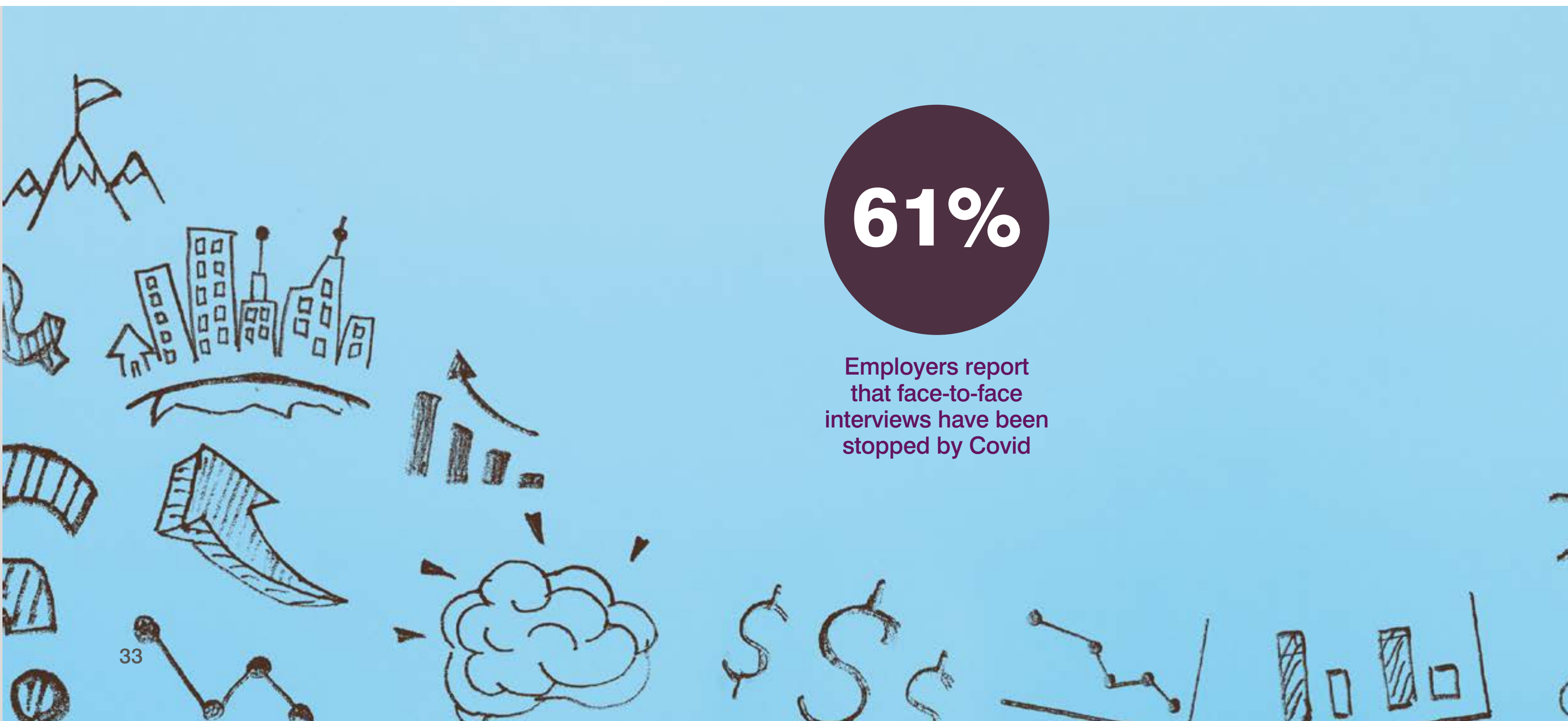
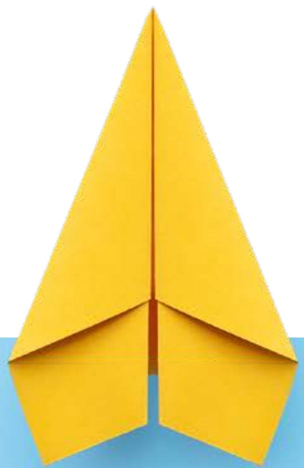


Figure 7.3
Organisations use of selection activities

Activity	Effective - first stage	Effective - final decision	Use 2019/2020	Stopped by Covid
Psychometric tests	46%	3%	58%	0%
CV screening	29%	1%	58%	1%
Assessment centres [face-to-face]	21%	64%	83%	87%
Interviews (automated)	19%	4%	33%	0%
Interviews (telephone)	14%	2%	34%	1%
Assessment centres [online]	12%	35%	53%	1%
Interviews (face-to-face)	12%	34%	65%	61%
Interviews (online with an interviewer)	11%	23%	43%	1%
Skills tests	10%	4%	24%	2%
Gamified assessments	7%	1%	12%	0%
Case studies	6%	8%	33%	2%
Group presentations	4%	5%	33%	13%
Data analysis exercises	2%	1%	14%	1%
Role play activities	1%	3%	17%	3%
Email inbox exercises	1%	1%	9%	0%
Virtual reality assessments	1%	1%	3%	1%

Respondents indicate that they find psychometric tests, CV screening, face-to-face assessment centres and automated interviews to be the most effective ways to narrow down the field of applicants. Of these, face-to-face assessment centres have been the most disrupted by the pandemic.



Our recruitment plans for 2021 will take account of Covid and we will plan to hold face to face assessment centres where we can but with a plan b to move these to "virtual" if required. (Respondent, Energy, Engineering & Industry)

46%

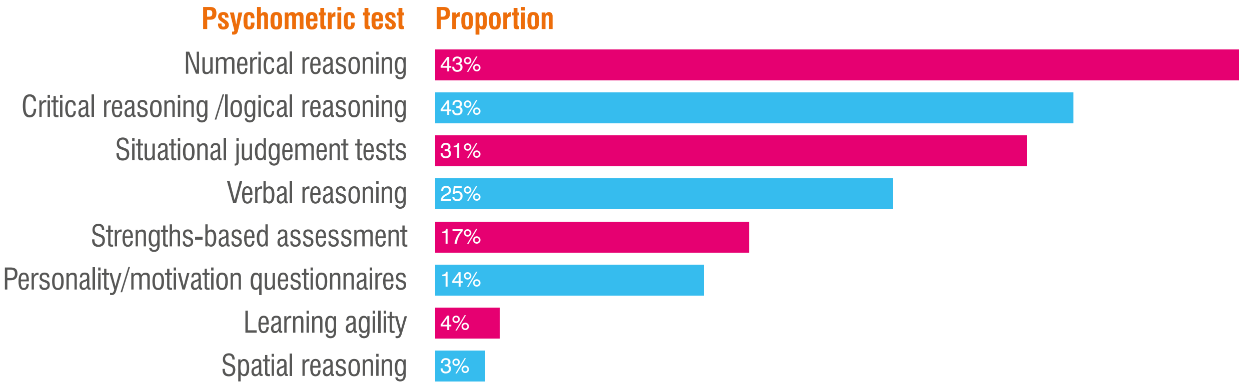
Employers report that psychometric tests are the most effective way to narrow the field

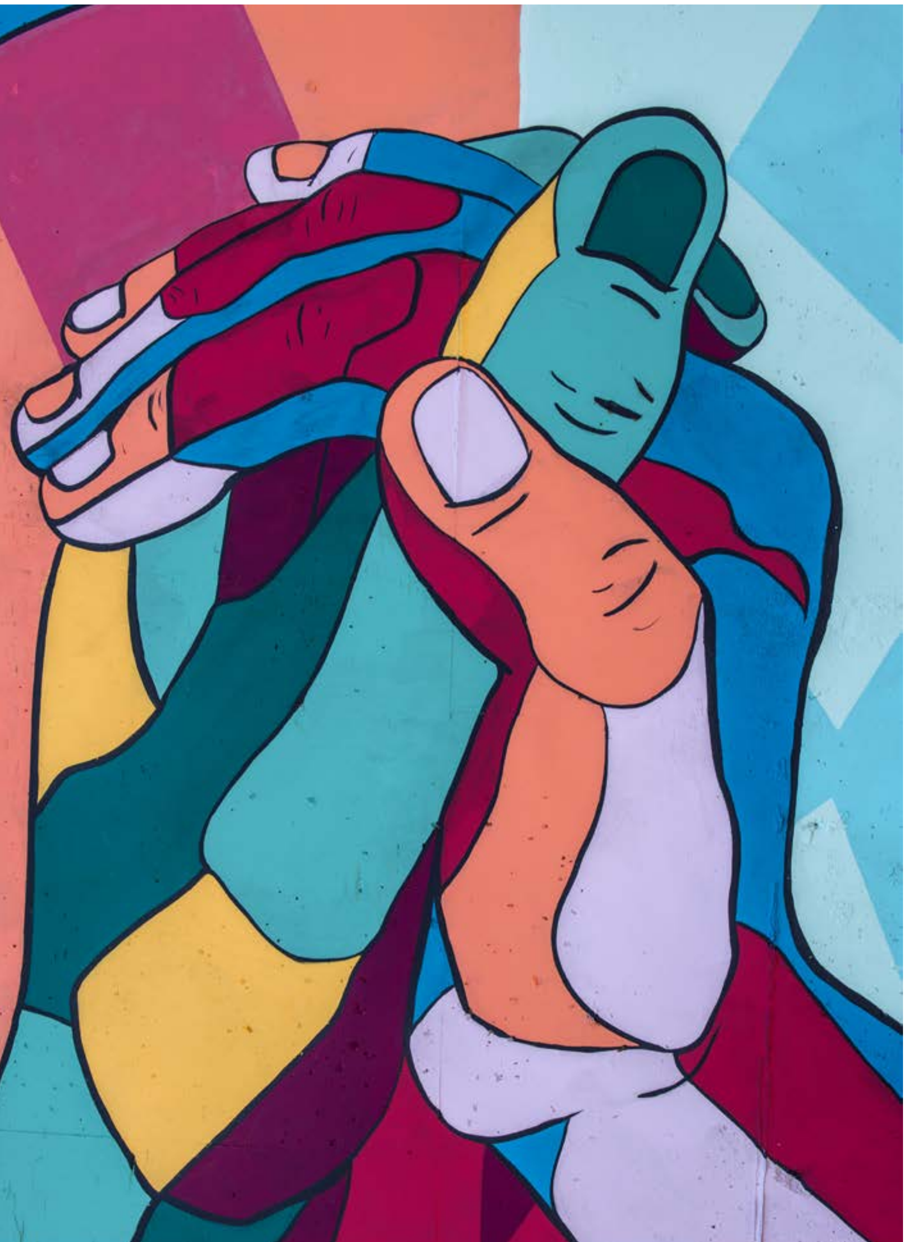
Respondents also provided more detail about the psychometric tests that they were using. Figure 7.4 shows the proportion of employers using each of the main types of tests. It shows that numerical reasoning, critical or logical reasoning and situational judgement are the most popular types of test. Employers commonly use more than one test, with some employers organising as many as six tests into a battery for candidates. On average those employers who are using psychometric tests are using two tests in a battery.

87%

Employers have changed their selection process to improve diversity

Figure 7.4
Organisations using different psychometric tests (159 organisations)





To help them to make their final decision about who to hire, respondents indicate that they would ideally use face-to-face assessment centres and face-to-face interviews. But, as both of these approaches have been disrupted by the pandemic many have switched to online interviews and assessment centres. There is less enthusiasm about the effectiveness of the online alternatives than the face-to-face versions, but these online selection techniques are still viewed as effective in making final selection choices by a substantial minority of respondents.

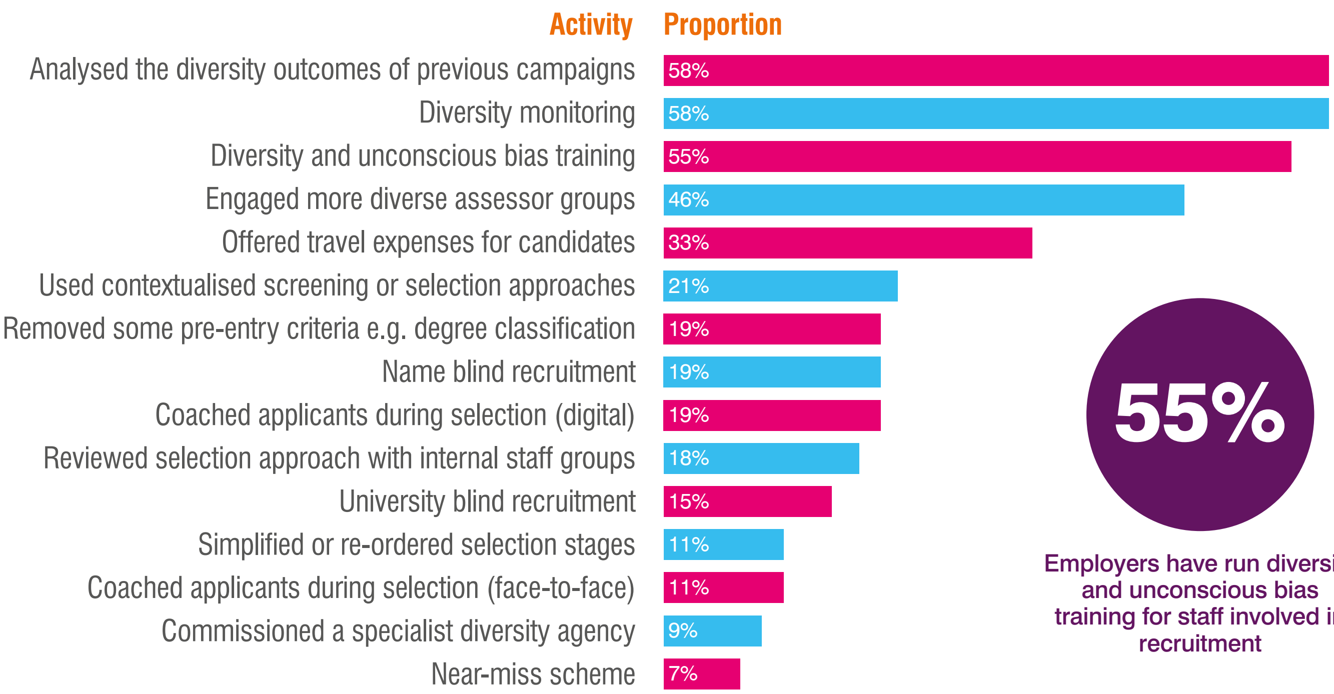
Diversity in selection

Organisations are keen to ensure that their selection processes are fair and do not advantage any particular groups. In a recent research report we found that many students, particularly those from ethnic minorities are sceptical of the fairness of recruitment and selection processes.[21] This concern throws down an important challenge to employers that many were keen to respond to.

The overwhelming majority (87%) of organisations have made some changes or tweaks to their selection process to improve the diversity of the cohort that they hire. Figure 7.5 shows the key changes that organisations have made.

21 Institute of Student Employers. & Debut. (2020). *What do students want? Listening to the voices of young jobseekers.* London: ISE & Debut.

Figure 7.5
Approaches taken by organisations to improve diversity in selection



55%

Employers have run diversity and unconscious bias training for staff involved in recruitment

This shows that most firms are monitoring diversity and analysing their recruitment data to look at issues with diversity. Most are also providing diversity and unconscious bias training for their staff. But it is less common to make more structural changes to organisations' recruitment approaches such as removing pre-entry requirements or using contextualised screening, name or university blind recruitment or reorganising the selection stages.

Hiring

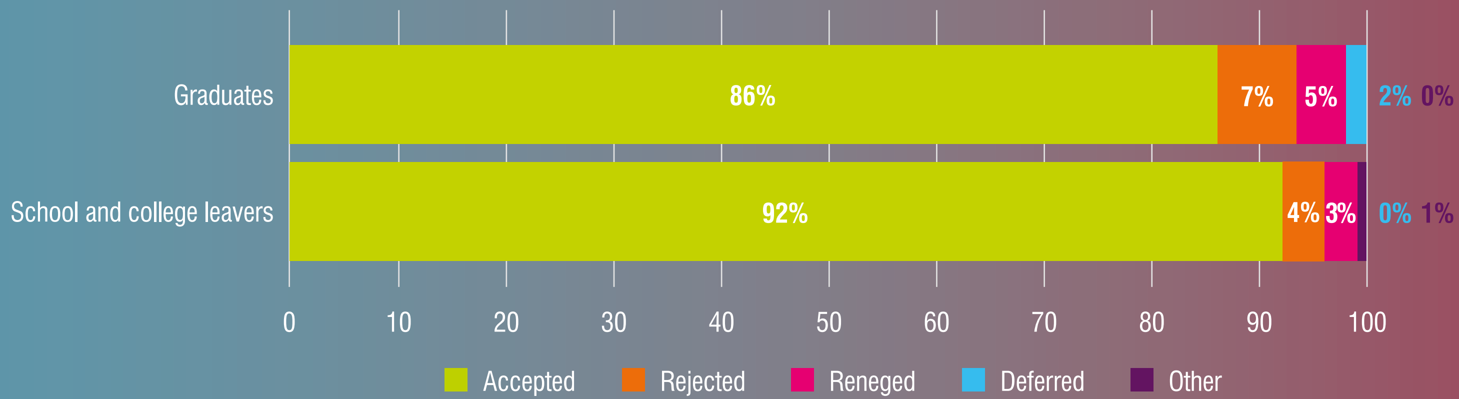
8

"…
This chapter looks at the actual process of hiring new candidates. Once employers have attracted students and then selected the candidates that they are interested in they then need to put together an appropriate package and seal the deal.

Filling vacancies

Employers reported that they had filled 97% of both their graduate and school and college leaver positions during 2019/2020. This is slightly higher than last year. Figure 8.1 sets out the average responses that employers receive to the job offers that they made. The overwhelming majority of graduates (86%) and an even bigger proportion of school and college leavers (92%) accept the job that they are offered. These figures are very similar to the figures we reported in 2018/2019.

Figure 8.1
Average responses to a job offer



Salaries

The salary that is offered is a key component of attracting students to jobs and then ensuring that offers are accepted. The typical (median) graduate salary offered by respondents in 2019/2020 is £29,667 while the typical school or college leaver salary was £18,450 and the typical salary for an intern or a placement student was £19,000. Figure 8.2 breaks this down by sector and shows the median, mean and the range of graduate salaries in that sector.

While Figure 8.3 looks at the variations in school and college leaver salaries.

Figure 8.2
Graduate salaries (165 organisations)

Legal
Median £38,250
Average (Mean) £37,737
Low £22,500
High £50,000

Digital & IT
Median £31,500
Average (Mean) £31,497
Low £24,500
High £37,000

Finance & Professional services
Median £31,425
Average (Mean) £33,610
Low £20,000
High £50,000

Health & Pharmaceuticals
Median £29,125
Average (Mean) £29,313
Low £28,000
High £31,000

Energy, Engineering & Industry
Median £28,000
Average (Mean) £28,797
Low £23,000
High £42,090

Built environment
Median £27,500
Average (Mean) £27,167
Low £25,000
High £30,000

Retail & FMCG
Median £27,500
Average (Mean) £28,800
Low £21,000
High £37,000

Charity & Public sector
Median £26,000
Average (Mean) £25,980
Low £21,000
High £28,000

All sectors
Median £29,667
Average (Mean) £32,053
Low £20,000
High £50,000

£18,450

Median salary offered to school and college leavers

£29,667

Median salary offered to graduates

Figure 8.3

School and college leaver salaries (84 organisations)

Finance & Professional services
Median £19,250
Average (Mean) £20,040
Low £13,000
High £28,000

Built environment
Median £19,000
Average (Mean) £18,142
Low £14,500
High £22,000

Digital & IT
Median £18,750
Average (Mean) £18,468
Low £16,000
High £20,575

Charity & Public sector
Median £18,000
Average (Mean) £18,221
Low £17,000
High £19,663

Legal
Median £16,950
Average (Mean) £16,957
Low £10,686
High £22,000

Retail & FMCG
Median £16,750
Average (Mean) £18,950
Low £16,000
High £27,000

Health & Pharmaceuticals
Median £15,750
Average (Mean) £15,750
Low £15,750
High £15,750

Energy, Engineering & Industry
Median £15,700
Average (Mean) £16,469
Low £12,000
High £22,000

All sectors
Median £18,450
Average (Mean) £18,263
Low £0,686
High £28,000

Figure 8.4 looks at how intern and placement student salary vary by sector.

Sector is only one factor that influences salaries, the location of the job is also important. Figure 8.5 looks at how graduate and school and college leaver salaries vary by region.

£19,000

Median salary offered to interns and placement students

Figure 8.4

Intern and placement student salaries (117 organisations)

Finance & Professional services
Median £22,750
Average (Mean) £26,909
Low £15,200
High £50,000

Legal
Median £19,880
Average (Mean) £18,811
Low £0
High £26,000

Retail & FMCG
Median £19,250
Average (Mean) £19,700
Low £18,000
High £22,500

Digital & IT
Median £19,000
Average (Mean) £19,442
Low £17,000
High £26,000

Health & Pharmaceuticals
Median £19,000
Average (Mean) £18,438
Low £15,750
High £20,000

Charity & Public sector
Median £18,634
Average (Mean) £23,132
Low £17,000
High £38,260

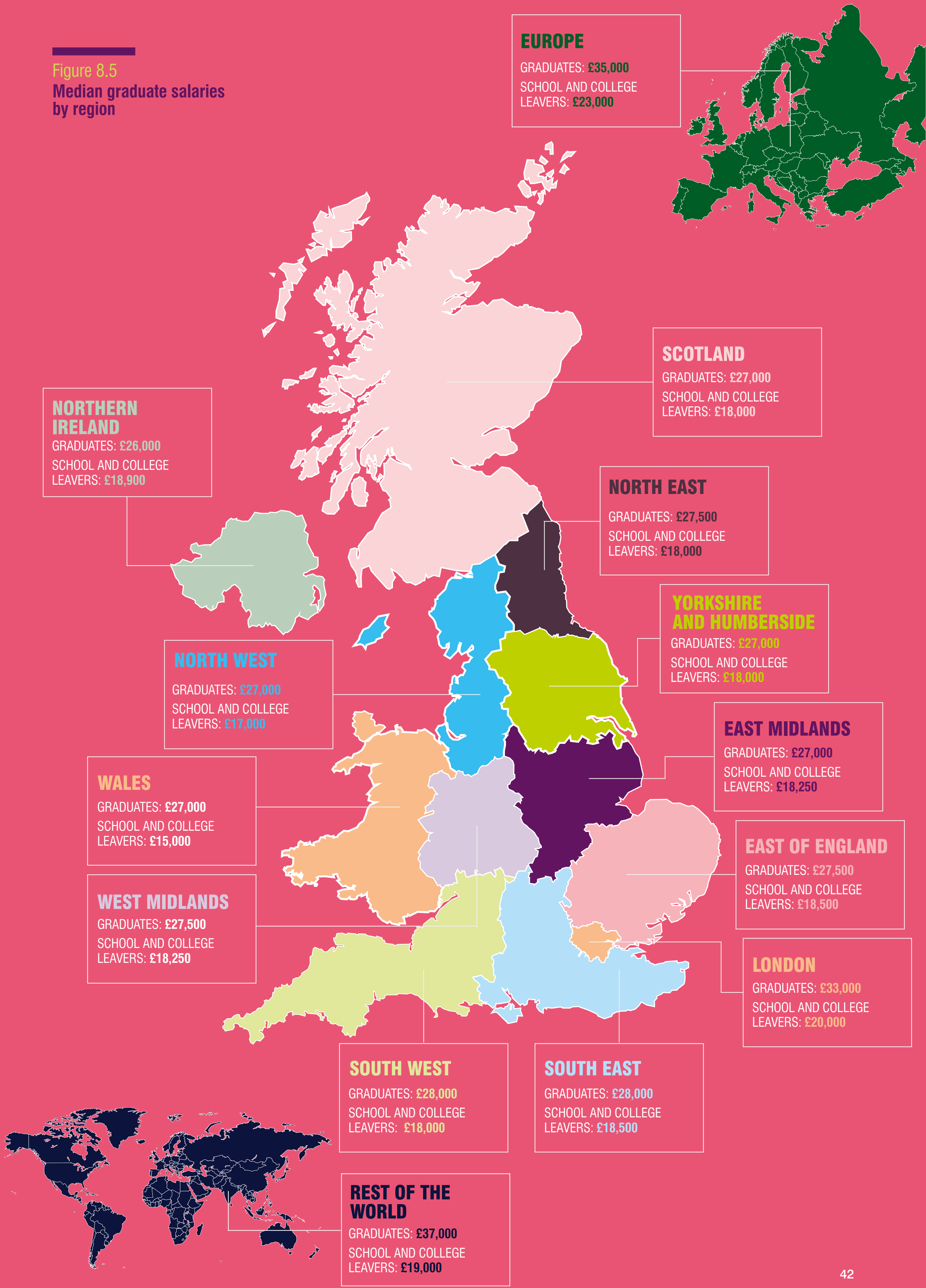
Built environment
Median £18,000
Average (Mean) £18,112
Low £16,000
High £21,000

Energy, Engineering & Industry
Median £18,000
Average (Mean) £18,500
Low £15,500
High £24,000

All sectors
Median £19,000
Average (Mean) £21,297
Low £0
High £50,000

Figure 8.5

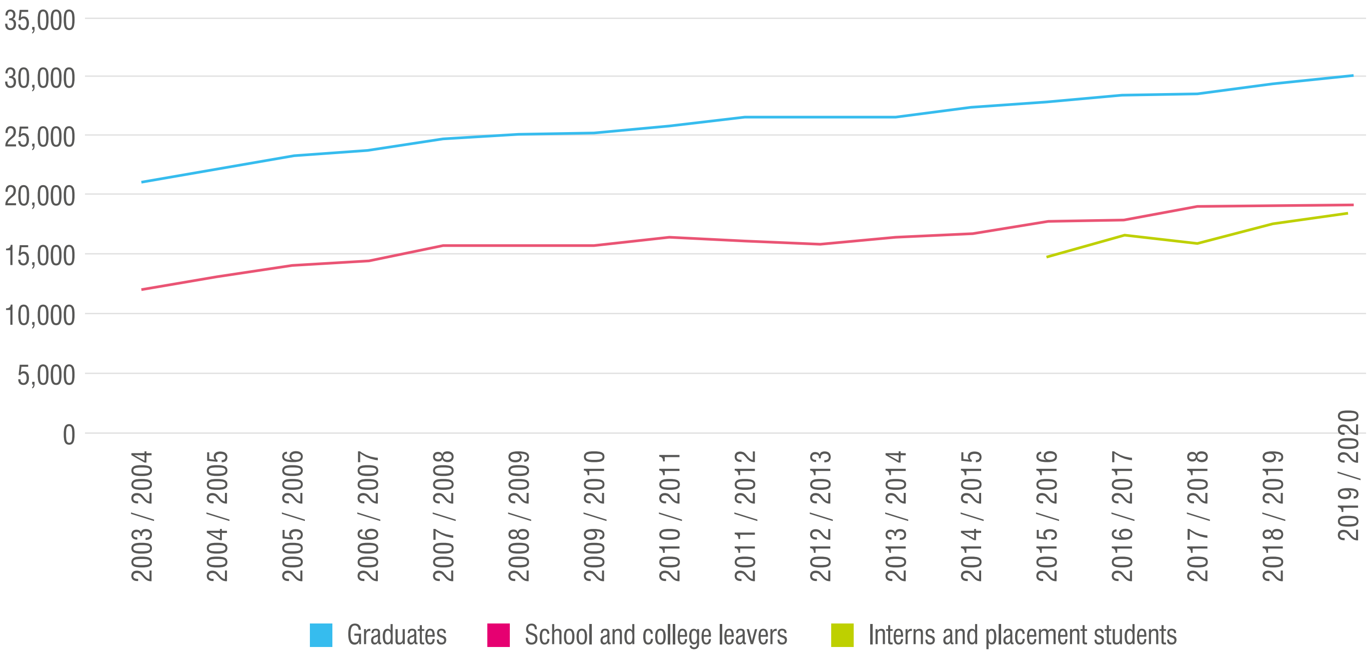
Median graduate salaries by region



To put this salary data into a historical context figure 8.6 shows how the median salaries reported to ISE have changed over the last 17 years.

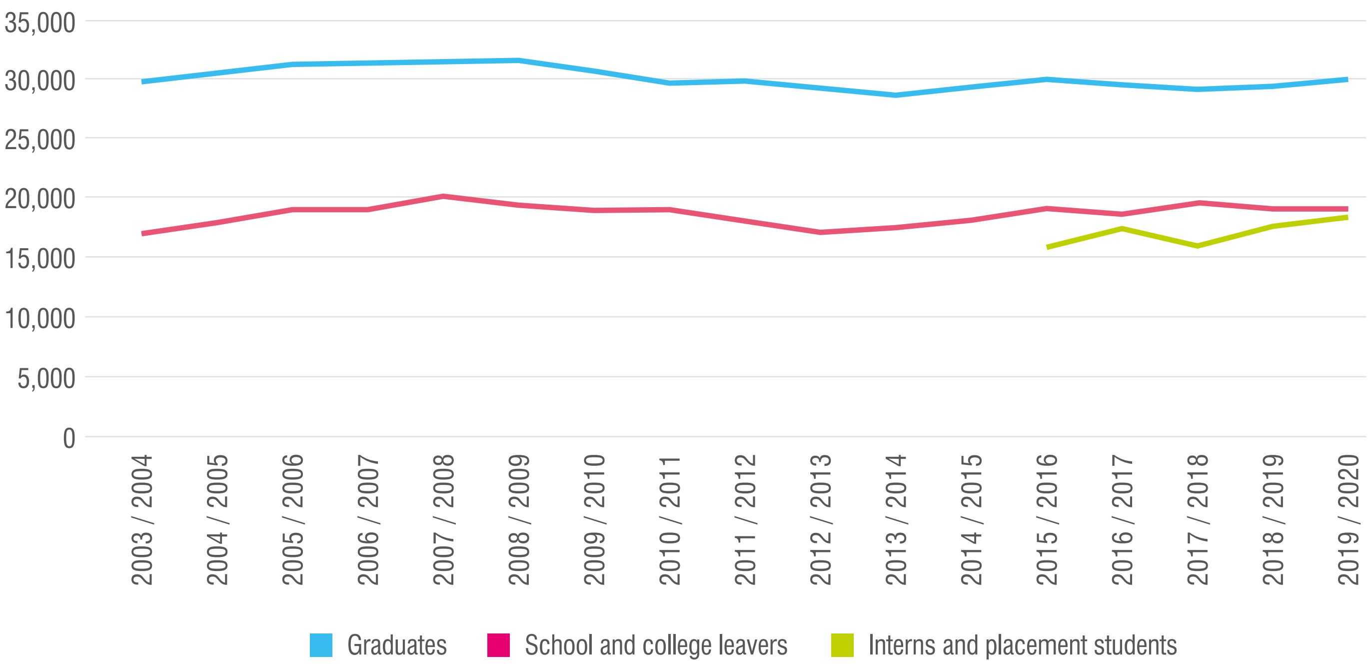
> **"... Both graduate and intern and placement student salaries reached their high point before the last recession and have still not fully recovered**

Figure 8.6
Average starting salaries reported to ISE over time



But the steady upward march of salaries presented in Figure 8.6 is looks quite different when inflation is taken account of by indexing the salary data to the Consumer Price Index in Figure 8.7.[22] This allows us to look at all salaries in today's money.

Figure 8.7
Average starting salaries reported to ISE over time indexed to the Consumer Price Index



22 Office for National Statistics. (2020). CPI index 00, www.ons.gov.uk/economy/inflationandpriceindices/timeseries/d7bt/mm23.

This shows a much more static picture in terms of the real value of salaries. Both graduate and intern and placement student salaries reached their high point before the last recession and have still not fully recovered. While a lot of the policy focus has been on the volume of student employment post-pandemic, it is also important to attend to the quality of employment. While salary is only part of employment quality (alongside things like work-life balance, access to training and progression and workplace wellbeing), it is an important and tangible one. It will be interesting to see whether early career salaries start to decline in real terms following the pandemic.

“...

While a lot of the policy focus has been on the volume of student employment post-pandemic, it is also important to attend to the quality of employment.

The future

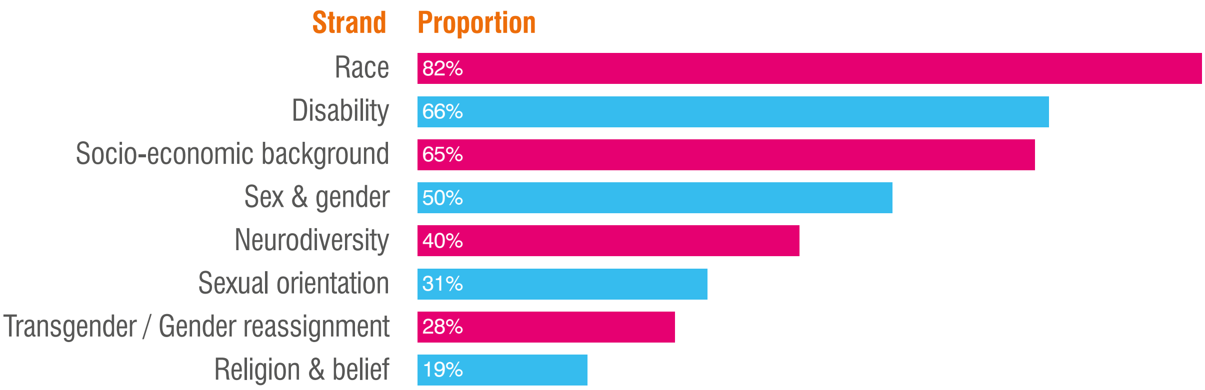
9

"...
In the final chapter of this report we look at how organisations are feeling about the future. We asked respondents to look at the next five years for their organisations and think about what changes they were likely to see.

Diversity

We have already discussed the importance that respondents place on diversity within their organisations. Many are taking action to reform their attraction and selection approaches in response to this driver. Almost all respondents (97%) felt that they had at least one diversity strand that they needed to work on over the next five years to ensure a diverse workforce. Figure 9.1 shows the diversity strands that they were most focused on.

Figure 9.1
Diversity strands that organisations need to address to achieve a diverse and representative workforce
(156 organisations)



The issue of race is clearly on the agenda, perhaps due to the current prominence of the Black Lives Matter movement.[23] In addition, the majority of organisations also indicated that they needed to do more on disability, socio-economic background and sex and gender.

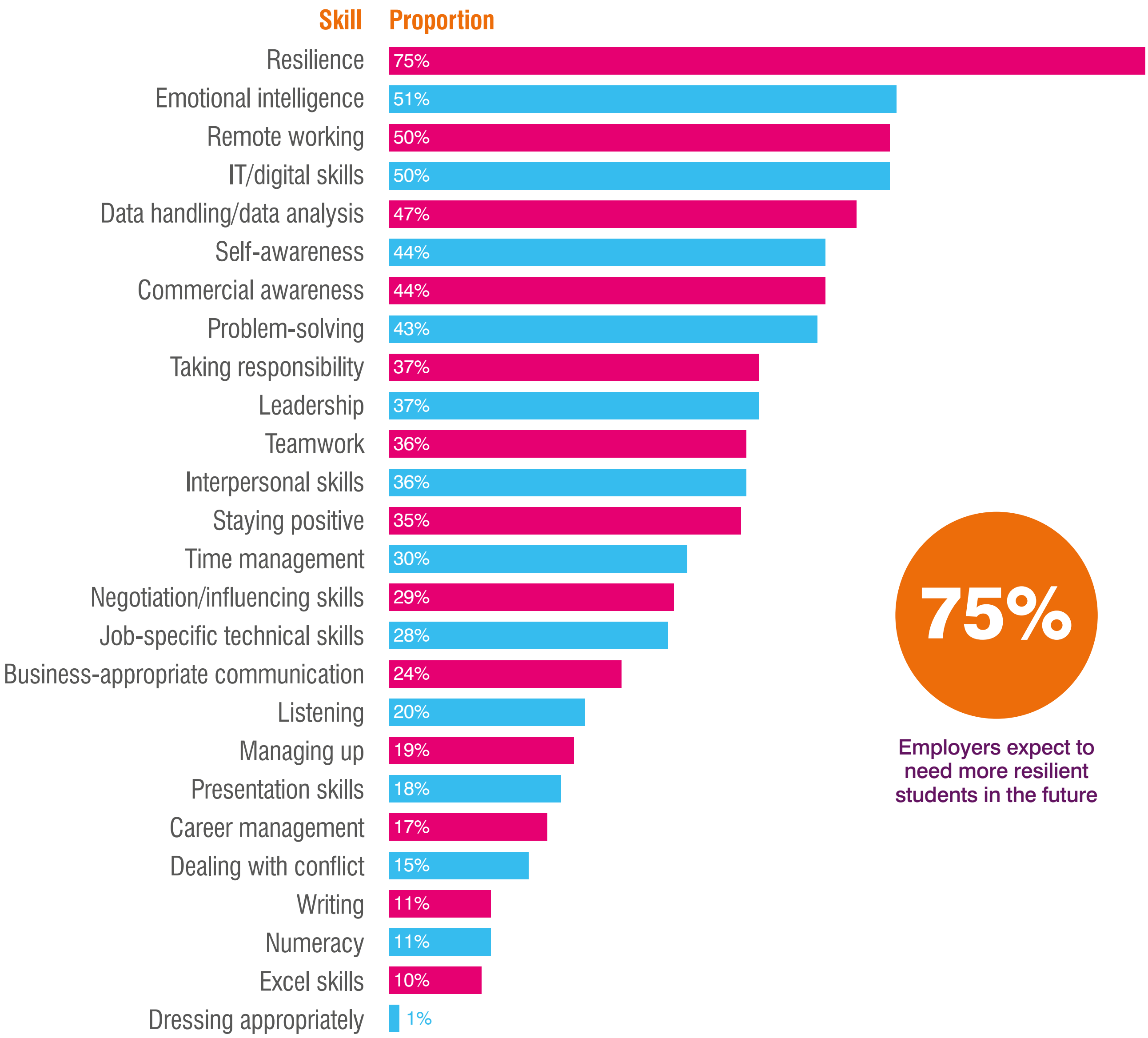
23 Bola, F. (2020). We need radical change to recruit more black students, https://insights.ise.org.uk/diversity/blog-we-need-radical-change-to-recruit-more-black-students.

Skills needs

Respondents reflected on the areas in which they were likely to need more skills over the next five year. Figure 9.2 shows the proportion of employers who responded that different skills would become more important to their business over the next five year.

Figure 9.2

Organisations agreeing that different skills will become more important over the next five years (156 organisations)



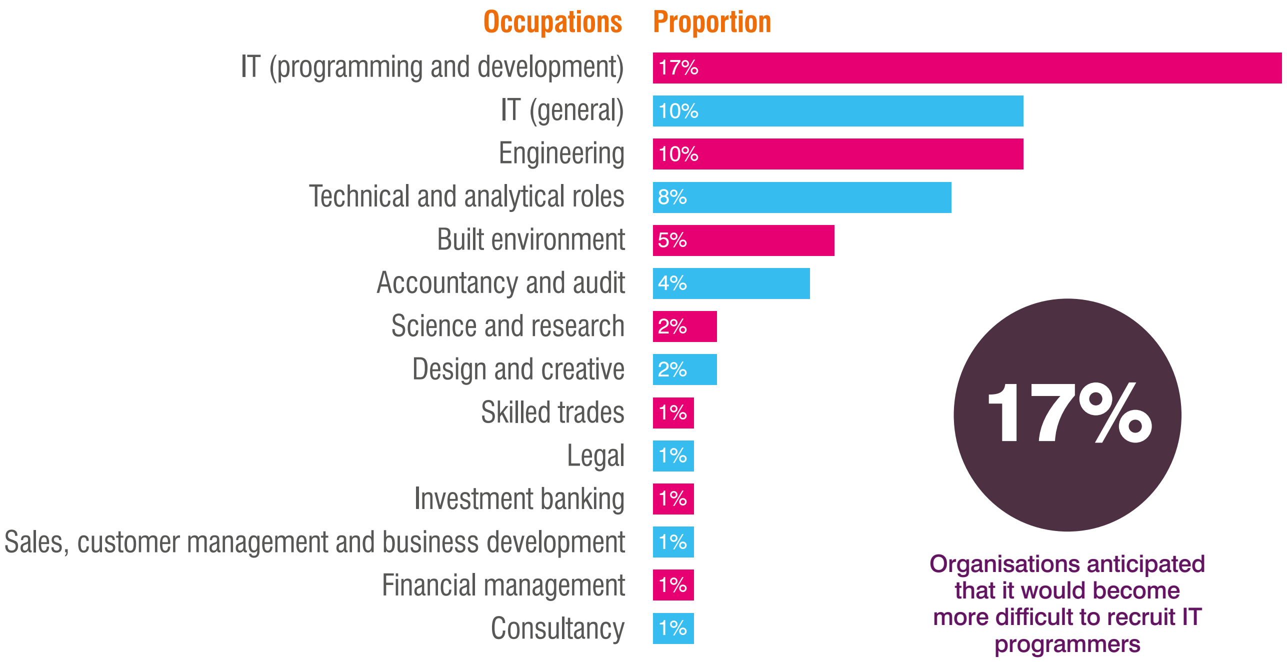
Respondents were in agreement that 'resilience' is going to become increasingly important over the next five years. They also anticipated that emotional intelligence, the capacity to work from home and IT skills and data handling would all become more important. Conversely employers were unlikely to agree that dressing appropriately, using Excel, numeracy or writing would become more important (in some cases perhaps because they are already seen as important).

The increasing importance of new hires' ability to work from home linked to the question of whether employers anticipate a longer-term shift to homeworking. Most organisations (58%) were unsure as to whether the proportion of early career staff working from home would change over the next five years. But around 20% thought that they would see a growth in homeworking for early career staff. This was similar to the proportion that expected no long-term change (19%), but much greater than the proportion who were expecting a greater proportion of office-based staff (2%).

In addition to the range of skills that employers anticipated needing over the next five years, they also expected to find some roles more difficult to hire to. Figure 9.3 shows which occupations employers anticipate becoming increasing difficult to fill over the next five years.

Figure 9.3

Roles that organisations expect to become more difficult to hire to (156 organisations)



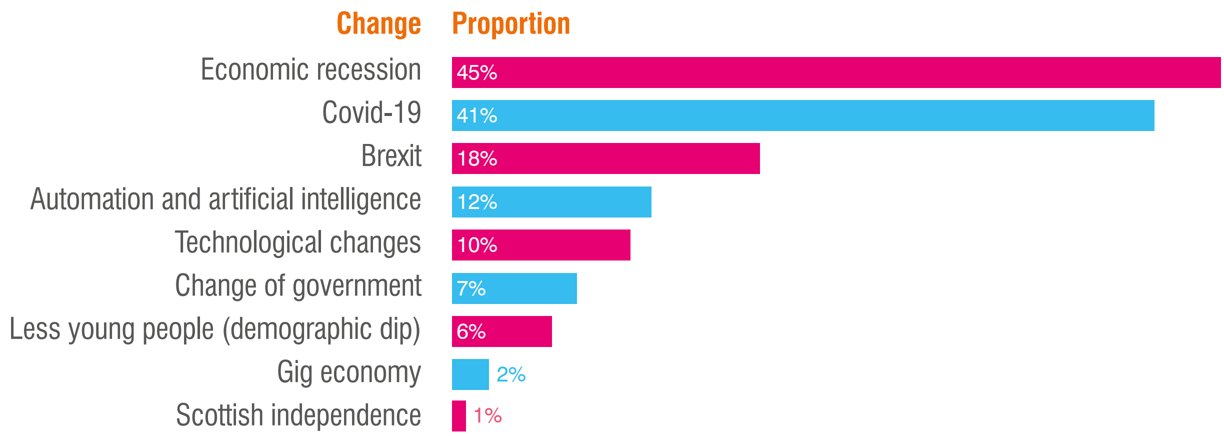
There was little evidence from this finding that employers are concerned about a general lack of talent. However, there were some areas in which employers expected to find recruitment to be more difficult. A substantial minority of organisations (17%) anticipate increasing demand for IT programmers with other IT, engineering and technical roles also expected to be difficult to recruit to. Some respondents provided more details about the roles that they were concerned were going to get more difficult to recruit to, highlighting actuaries, data scientists and quantity surveyors.

Changing context

The last year has seen some radical changes in the context within which student recruitment is conducted. Figure 9.4 shows the proportion of employers who believe that different contextual changes will lead to a reduction in student recruitment.

Figure 9.4

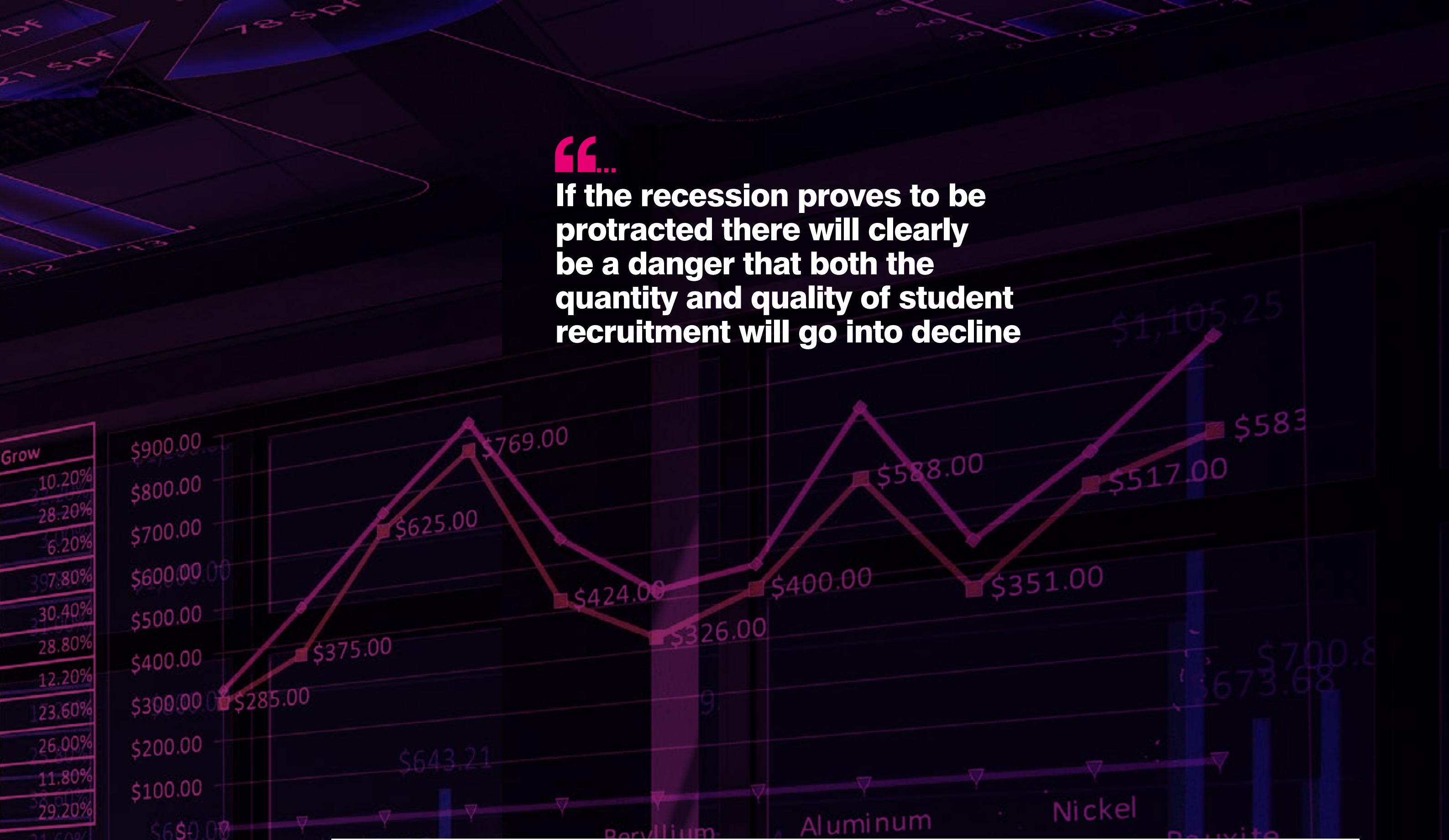
Organisations that anticipate different contextual changes will lead to reduced student recruitment (156 organisations)



This shows that respondents are most worried about the intertwined threats of economic recession and Covid-19. Around 10% more employers are worried about an economic recession this year than they were in last year's survey. However, the proportion of organisations worrying about anything other than Covid and the economy has dropped substantially from last year's data.

Final thoughts

10



> If the recession proves to be protracted there will clearly be a danger that both the quantity and quality of student recruitment will go into decline

This report began with the observation that it can be difficult to find anything new to say about 2020. The year will clearly go down in history as the 'year of Covid'. Such a designation is justified to a great extent and as we have argued throughout this report, the pandemic has had a substantial impact on student employers.

But, it is important to look for other stories and to consider what is happening beyond the immediate concerns of Covid. Respondents to our surveys have told us that they are continuing to attract, select and hire graduates, school and college leavers and other entry-level non-graduate and interns and placement students. They are worried about Covid, but they are also worried about ensuring fairness and diversity and about finding the candidates that they need.

Recruitment processes have been changed and adapted for the new environment. While graduate numbers are down, they do not appear to be collapsing and school and college leaver recruitment seems to be holding up remarkably well. The volume of opportunities for interns and placement students is more worrying, but even here, life goes on for most students, even if the internships and placements may often be being conducted from students' kitchen tables.

This is not to say that there is nothing to worry about. Covid has proved to be a major disruption to social and economic life. Its impacts, even if a vaccine were found tomorrow, would not disappear overnight. A recession is already upon us, the question is how long it lasts and Brexit adds further uncertainty into the picture. So far student employers have held their nerve and made a very measured responses to the changed situation. If the recession proves to be protracted there will clearly be a danger that both the quantity and quality of student recruitment will go into decline.

Nonetheless, at ISE we remain optimistic. The process of bringing large numbers of young people into the labour market every year serves an important social function, integrating new generations into the workforce. It also provides a regular injection of energy and new ideas into organisations. We believe that for all of these reasons employers will continue to recruit students and hope that the government will do all it can to ensure that the pandemic does not disrupt this key career transition from education to work.

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