

## PULSE SURVEY 2019

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### **Executive summary**

This short report sets out the findings of the Institute of Student Employers' (ISE) Pulse Survey. The survey was conducted in January 2019 with the Institute's employer membership (typically larger organisations that recruit substantial numbers of graduates and/or apprentices each year). The survey received responses from around a third of the ISE's membership (97 responses) covering vacancies for 11,698 graduates and 5,941 apprentices.

Key findings were as follows.

### **Level of recruitment**

- 98% of respondents are recruiting graduates and 73% recruiting apprentices.
- Respondents anticipate a 27% increase in the student employment market in 2019. Graduate positions still make up the majority of these roles, but apprenticeships are forecast to grow more rapidly than graduate vacancies.
- Respondents are steadily increasing the proportion of their apprenticeship levy that they are spending, although some are still calling for reform to the levy.

### **Challenges in filling posts**

- The majority (55%) of respondents were unable to fill all of their vacancies last year. They report 1839 unfilled jobs and that an average of 12% of graduate vacancies and 14% of apprenticeship vacancies were unfilled.
- Larger recruiters are less likely to report unfilled vacancies than smaller recruiters. Although larger recruiters also report a higher proportion of renegees than smaller recruiters.
- Apprentices are more likely to accept job offers and less likely to renege than graduates, although the level of acceptances for both groups was high.

### **Brexit**

- Most respondents (70%) do not anticipate that Brexit will make a difference to their recruitment needs.
- However, almost half (49%) express some concerns that Brexit will increase the difficulty of finding the right talent, particularly in more specialist roles.

## Introduction<sup>1</sup>

The Institute of Student Employers unites employers who are interested in recruiting entry level positions either through the graduate route or through apprenticeships. Every year we run a short *Pulse Survey* of our members at the start of the year. As most student recruitment follows the academic year, surveying members at the start of the calendar year means checking in on how the previous year's recruitment finished up and how this year's recruitment is going.

Outside of the immediate context of student recruitment we started the new year with considerable drama about Brexit in Parliament. Because of this we were keen to find out how our members anticipate leaving the European Union might affect their recruitment plans. We are also seeing the ongoing development of apprenticeships and reform of higher education. Again, we are interested to see how these might impact on the student recruitment market. Finally, we are concerned about soothsayers predicting that a new recession is just around the corner and wanted to see whether employers are anticipating such a downturn.

Our Pulse Survey is an opportunity to take the temperature of the labour market and to use it to inform our understanding of what is happening. As a membership organisation we are lucky to be able to combine this kind of data with our day to day interactions with our members. Taken together they provide us with powerful insights into how the student recruitment market is developing.

The Pulse Survey builds on and complements the insights that we have gathered from our other research. We published our last major recruitment survey in September 2018. Our next report focusing on the development of apprentices and graduates will be launched in March 2019. The Pulse Survey will be available along with the rest of our research on our website.<sup>2</sup>

## About this study

The Pulse Survey was open for 10 working days from the 7<sup>th</sup> to the 18<sup>th</sup> January 2019. The survey was sent to key contacts in 287 of the Institute's employer members. Seven members formally withdrew from the survey for business reasons. One reason for withdrawal worthy of note is that some organisations reported that they do not collect data on recruitment centrally.

Respondents were recruited through emails sent to the main organisational contact with the ISE. All members received at least three emails over the period that the survey was open. All members were called at least once to engage them in the survey. Most responses were completed online but a small number were completed over the telephone.

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<sup>1</sup> Please use the following format to cite this report.

Institute of Student Employers. (2019). *Pulse Survey 2019*. London: The Institute of Student Employers.

<sup>2</sup> See at <https://ise.org.uk/page/ISESurveys>.

The survey received 133 responses. Data were cleaned to remove duplicates, responses with no usable information, test data and responses that could not be validated against the Institute of Student Employers' membership list. Where multiple responses were found from a single employer the responses were combined and a mean taken to resolve any discrepancies. This resulted in 97 valid responses.

**Figure 1: Responses by sector**

<b>Sector</b>	<b>Number of responses</b>	<b>Proportion of total</b>
Built Environment	7	47%
Energy, Engineering & Industry	26	38%
Finance	22	36%
FMCG	1	13%
IT	15	42%
Legal	15	26%
Public	3	21%
Retail	8	32%
<b>Grand Total</b>	<b>97</b>	<b>34%</b>

Where respondents provided a range of values in response to a question the mean was taken. Where an approximate figure was given a conservative interpretation was taken e.g. >200 was entered as 201.

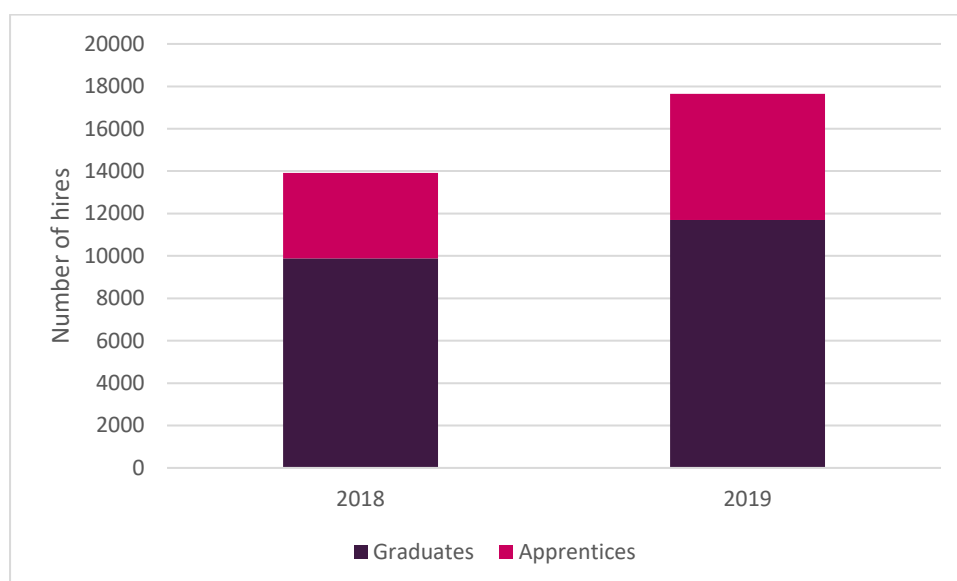
All averages are reported as means unless otherwise stated.

## **Level of recruitment**

All of the respondents to the survey are recruiting students. 98% of respondents are recruiting graduates and 73% of respondents are recruiting apprentices.

Student recruitment is rising with respondents reporting a 27% planned increase in the 2018/2019 season on the numbers that they recruited in 2017/2018. Apprenticeship numbers are growing faster than graduates (47% against 18% growth) but, graduates still dominate the student recruitment market. All sectors are increasing both graduate and apprentices except for *Energy, Engineering and Industry* employers where there is a slight decrease in the number of graduate vacancies, but this is more than offset by a substantial increase in the number of apprentices.

**Figure 2: Overall reported student recruitment 2018 and 2019**



There were some substantial differences between sectors in both the number of jobs and the percentage increases reported by those sectors as can be seen in figure 3 and figure 4 (ranked by the size of the increase between 2018 and 2019).<sup>3</sup>

**Figure 3: Sector breakdown of graduate recruitment 2018 and 2019 (n=83)**

Sector	Graduates 2018	Graduates 2019	Increase
Public	354	467	32%
Finance	4057	5194	28%
FMCG	19	24	26%
Built Environment	318	394	24%
IT	1947	2357	21%
Retail	978	1097	12%
Legal	403	414	3%
Energy, Engineering & Industry	1805	1751	-3%

**Figure 4: Sector breakdown of apprentice recruitment 2018 and 2019 (n=51)**

Sector	Apprentices 2018	Apprentices 2019	Increase
Retail	650	1480	128%
IT	454	749	65%
Energy, Engineering & Industry	1679	2354	40%
FMCG	38	47	24%
Built Environment	136	164	21%
Legal	40	45	13%
Finance	1031	1102	7%

<sup>3</sup> Organisations are only included in the analysis where respondents provided figures for both 2018 and 2019.

The figures across almost every sector suggest that employers currently have an optimistic outlook on the year ahead and suggests that they do not anticipate that a recession is imminent.

The planned increase in apprenticeship recruitment is underpinned by respondents' apprenticeship levy spending. Respondents reported that on average they had spent 31% of their apprenticeship levy last year and were planning to spend 39% of their levy this year. This upward trajectory suggests that the government's apprenticeship policy is maturing and starting to have the desired effect.

Some respondents provided further commentary on the current apprenticeship policy. One argued that their needs to be a '*review of the Apprentice Levy - its parameters and what it does and doesn't cover. Also - a renaming as the term Apprenticeship is misleading in the current context of the training that can be covered by the Levy.*' Others also backed the call for further reform of the apprenticeship system.

## **Challenges in filling posts**

The majority (55%) of respondents were unable to fill all the entry level posts that they were seeking to fill in 2018. This came to a total of 1839 unfilled entry level jobs.

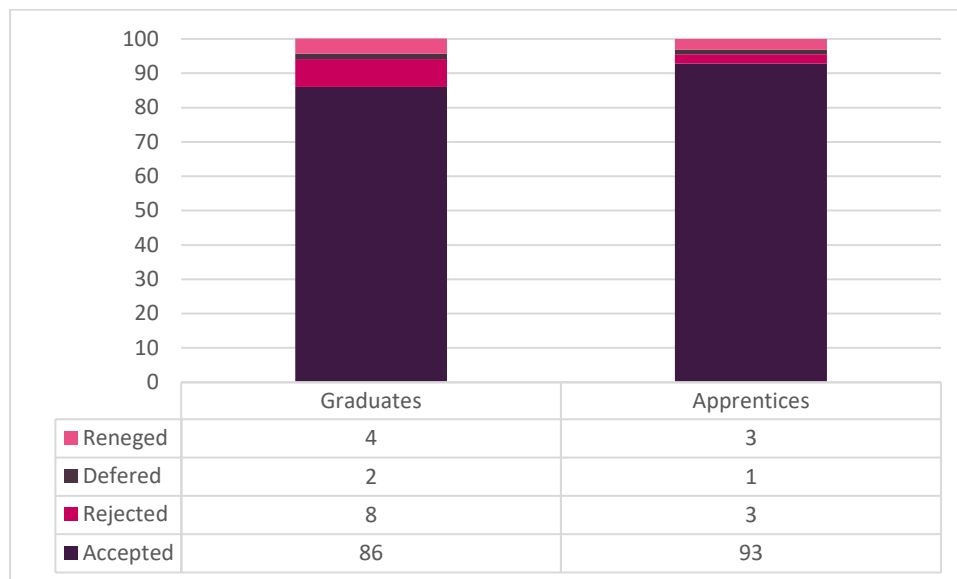
Focusing on graduates, 53% of respondents reported that last year they had been unable to fill all of their graduate posts. On average 12% of graduate vacancies went unfilled. With respect to apprentices 49% of respondents reported that they were unable to fill their apprenticeship vacancies with an average of 14% of apprenticeship vacancies unfilled.

Larger recruiters (those recruiting over 100 graduates or apprentices respectively) are less likely to report unfilled vacancies than smaller recruiters. This was particularly marked with apprentices where large recruiters reported an average of 4% unfilled vacancies in comparison to 17% unfilled in medium sized recruiters (20-99 apprentices) and 16% unfilled in small recruiters (19 or less apprentices). This is perhaps unsurprising as larger recruiters are more likely to have better name recognition to attract potential recruits as well as stronger systems for managing applications and offers.

Different employers had different experiences of the current state of the student labour market. One reported that '*the market is tightening up. We are getting less good quality candidates*'. But, another reported being '*inundated with candidates*'.

Some of the under-recruitment issues are caused by problems once an offer has been made. We asked respondents what happened when they made a job offer to a student. Did the student *accept* or *reject* the offer, ask for their start date to be *deferred* or did they *renege* on the offer after it had been accepted? Figure 5 shows their responses to these questions.

**Figure 5: Student responses to offers**



This suggests that acceptance rates are fairly high and that apprentices are more likely to accept job offers than graduates. The number of vacancies within a firm appears to make a difference with smaller recruiters (hiring less than 20 graduates a year) reporting an average of 3-4% better acceptance rates than large and medium recruiters. Larger recruiters (hiring more than 100 graduates per year) report lower rates of rejection but higher renege rates than medium and small recruiters. Smaller recruiters were also reporting better acceptance rates from apprentices than larger recruiters.

## Brexit

We asked respondents whether they anticipate that Brexit will have an impact on their organisation’s level of student recruitment (either positive or negative). Seventy per cent of all respondents report that Brexit is unlikely to impact on their recruitment, 12% anticipate that their recruitment will decrease and 5% think that it will increase. On balance, there is a slight concern that Brexit might lead to a decline in recruitment (an average of 3.13 on a five-point scale).<sup>4</sup> There is slightly more concern about the impact of Brexit on student recruitment level in the *Built Environment* sector (3.34) and the *Retail* sector (3.5).

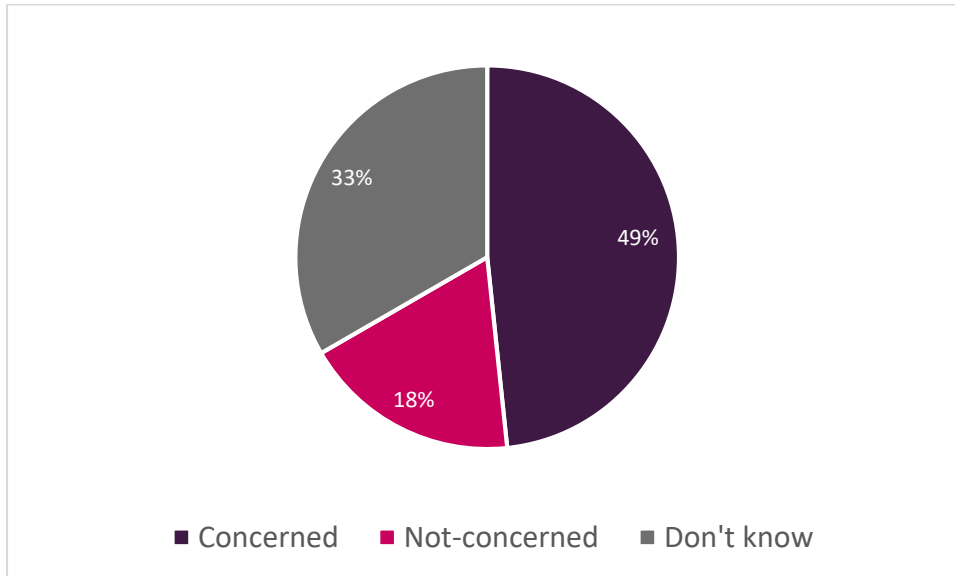
Some respondents provided further discussion of how Brexit might impact on their recruitment strategy. Those that offer global mobility as part of their graduate schemes express a particular concern.

*As we are located in 14 European countries our Grad programme is a European programme which encompasses Grads from many of these countries. We encourage international placements and I can only see the current situation as impacting on the ease of this and movement between other countries in which we are based*

<sup>4</sup> The scale was as follows. (1) Substantially increase, (2) Slightly increase, (3) Neither increase nor decrease, (4) Slightly decrease, (5) Substantially decrease. So a score of 3 is the mid-point.

Although respondents did not generally anticipate that their recruitment needs would change there were some concerns amongst firms that Brexit might make it more difficult to source the talent that they needed.

**Figure 6: Concerns about difficulties in finding talent following Brexit (n=60)**



Those who were concerned expressed a range of different concerns. They were less worried about filling general entry level roles (17% of all respondents) or finding general experienced hires (17%). They were more likely to be concerned about finding specialist roles at the entry level (32%) and specialist experienced hires (38%). This suggests that respondents view Brexit as more of a challenge with respect to the availability of specialist and technical skills than in terms of finding the right volume of labour for more general roles. One respondent illustrated this by reporting that they had found that overseas graduates tended to outperform domestic graduates in mathematics. Another argued that it would be important to continue to allow overseas graduates to work in the UK following graduation.

Despite these concerns the majority of respondents were either unclear on how Brexit would impact on recruitment or did not anticipate it having a negative impact on their ability to source talent. One argued that regardless of what happens with Brexit '*clarity is needed as soon as possible to enable us to plan*'. While another argued that Brexit should be accompanied by '*a heightened focus on high quality apprenticeship and entry level routes to employment... This is imperative to support our UK student talent.*'

### **Other issues**

Respondents were also given an opportunity at the end of the survey to highlight key issues and concerns in the current student recruitment market. They raised issues about the diversity of their intake, the skills that graduates arrive with and concerns about the supply of STEM graduates and particularly engineering graduates. There were also some concerns within the legal sector about changes to how lawyers are trained.

## Further information

The Institute of Student Employers (ISE) is an independent, not-for-profit member organisation that was established in 1968.

As the UK's leading independent voice for student employers, our vision is that the success of every business is maximised by full access to student talent. We achieve this by bringing together employers, the education sector and supplier partners, providing leadership and support in all aspects of student recruitment and development.

For further information about the Institute of Student Employers please follow us on Twitter (@IoSEorg), visit our website at <https://ise.org.uk> or contact us at the following address.

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