



Department  
for Business  
Innovation & Skills

**Graduate Labour Market Statistics:  
2015**

APRIL 2016

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# Executive Summary

- In 2015, graduates and postgraduates had higher employment rates, with a greater proportion in high-skilled employment, lower unemployment rates, lower inactivity rates and higher median salaries than non-graduates.
- In 2015, both graduate and non-graduate employment rates returned to their pre-recession levels; however postgraduate employment rates remained below their pre-recession level.
- Graduates saw an annual decline in their high skilled employment rate between 2014 and 2015 of 1.3 percentage points across the working age population (16-64 year olds) and 2.2 percentage points across the young population (21-30 year olds).
- Graduates and postgraduates were more protected from unemployment during the recession than non-graduates. Unemployment rates recovered to approximately pre-recession levels for all groups by 2015.
- Graduates, postgraduates and non-graduates saw increases in nominal median salary between 2006 and 2008; however since then salaries for all groups have remained mostly flat since 2008, except working age postgraduates and working age non-graduates who saw some minor earnings growth.
- Male and female graduates had similar unemployment rates across the working age population, but the unemployment rate for young male graduates was 1.8 percentage points higher than for young female graduates. Male graduates had a higher employment rate and female graduates had a higher inactivity rate, across the working age population.
- Black graduates had lower high skilled employment rates, higher unemployment rates, lower inactivity rates and lower median salaries than White graduates and Asian graduates.
- Degree class appears to have more of an impact for the younger population than the working age population. Young graduates that achieved a first class degree earned, on average, £3,000 more than those who achieved an upper second. In turn, those young graduates that achieved an upper second in their degree earned £2,500 more than those who achieved a lower second or third in their degree.
- Graduates that studied 'Science, Technology, Engineering and Mathematics' (STEM) subjects in their degree had higher employment rates, greater high skilled employment rates, lower unemployment rates and higher median salaries than graduates that studied 'Other Social Sciences, Arts and Humanities' (OSSAH) subjects.

# Introduction

Graduate Labour Market Statistics (GLMS) covers labour market conditions for English domiciled<sup>1</sup> graduates and postgraduates, and compares these to English domiciled non-graduates. GLMS was first published by BIS in December 2014 and has since been published on a quarterly basis, using data from the Labour Force Survey<sup>2</sup>.

In November 2015, BIS launched a consultation<sup>3</sup> with users to gather views on the GLMS publication, its usefulness and whether to move to annual publication cycle. Following this consultation, the GLMS has been consolidated into a single annual publication. These statistics are still classified as experimental meaning that they are still in the testing phase and are not yet fully developed. As such, we continue to welcome feedback from users on the content and format of the GLMS publication.

In this publication, *graduates* refer to people whose highest qualification is an undergraduate degree at Bachelor's level, *postgraduates* hold a higher degree (such as a Master's or PhD) as their highest qualification, and *non-graduates* are those whose highest qualification is below undergraduate level (i.e. National Qualification Framework Level 5 or below).<sup>4</sup> Employment and earnings outcomes are provided across both the working age population (16-64 year olds) and the young population (21-30 year olds). This publication also provides time series data covering the past decade to help understand trends for the headline statistics.

This new annual version of the GLMS summarises the quarterly data for 2015 and provides a more detailed focus on the employment and earnings outcomes of graduates by their specific characteristics. The breakdowns included are age group, gender, ethnicity, disability status, degree class, subject group, occupation and sector of employment.

GLMS only provides simple outcome measures based on survey data and does not control for the differences in characteristics between graduates, postgraduates and non-graduates. This means that the outcomes reported may not be wholly attributable to the fact that an individual holds a particular qualification, but instead could reflect other factors, such as their wider skills, experience, or natural ability.

An updated version of the methodology note, supporting data and syntax used for all statistics generated in the GLMS have been published alongside this publication on the gov.uk website.

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<sup>1</sup> "English domiciled" means that their permanent home is in England.

<sup>2</sup> More information on the Labour Force Survey, including its user guide, can be found on the Office for National Statistics (ONS) website: <http://www.ons.gov.uk/ons/guide-method/method-quality/specific/labour-market/labour-market-statistics/index.html>

<sup>3</sup> More information on the GLMS consultation can be found on the gov.uk website: <https://www.gov.uk/government/consultations/graduate-labour-market-statistics-content-and-frequency-of-future-releases>

<sup>4</sup> For a more detailed explanation of the qualifications included in each definition, please see the Methodology Note published on the gov.uk website.

The link to the updated methodology note can be found on the gov.uk website at the following link: <https://www.gov.uk/government/publications/labour-market-statistics-methodology-note>

Links to all previous GLMS publications, supporting data and methodology notes can be found on the gov.uk website at the following link: <https://www.gov.uk/government/collections/graduate-labour-market-quarterly-statistics>.

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# Headline Statistics

This section provides the following headline statistics for 2015 as a whole: employment rates, unemployment rates, inactivity rates, high skilled employment rates and median salaries. The headline statistics are given for graduates, postgraduates and non-graduates in relation to both the working age population (16-64 year olds) and the young population (21-30 year olds).

Employment rates, high skilled employment rates and inactivity rates use the total population (e.g. all graduates aged 16-64) as their base for calculating percentages. The total population includes those who are employed, unemployed and the economically inactive. This differs from the unemployment rate that uses only the economically active (employed or unemployed) as the base to calculate percentages, so it excludes the economically inactive. The economically inactive are defined individuals that were not employed and either did not seek work over the reference period or were seeking work over the reference period, but unavailable to start work. This is consistent with the definition set out by the Office for National Statistics. Further detail on the methodology used in this publication can be found in the supporting methodology note.

## Employment Rates, Unemployment Rates and Inactivity Rates

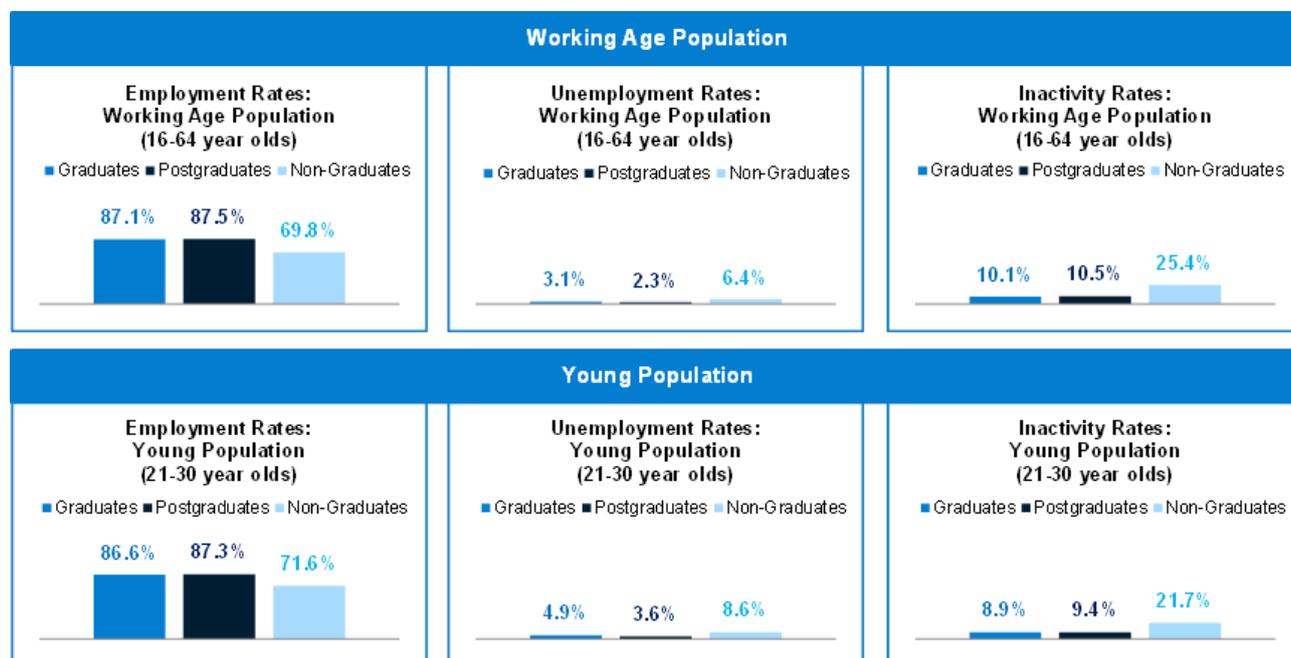
Figure 1 shows that, in 2015, graduates and postgraduates had higher employment rates than non-graduates. Graduates and postgraduates also had lower unemployment<sup>5</sup> rates and lower inactivity rates in the labour market than non-graduates<sup>6</sup>. The unemployment rate for working age non-graduates was double that of working age graduates. Postgraduates enjoyed slightly better outcomes than graduates, although they had marginally higher inactivity rates in the labour market. Employment rates were similar between the working age population and the young population, however there were differences in unemployment rates; the young population has higher unemployment rates than the working age population across all qualification categories.

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<sup>5</sup> Unemployment is defined under the International Labour Organization (ILO) measure, which assesses the number of jobless people who want to work, are available to work and are actively seeking work.

<sup>6</sup> The employment rate and inactivity rate are based on the total specified population. This includes economically inactive individuals, including students who are not in employment. As individuals studying for undergraduate degrees are less likely to be in employment and more likely to be classified as inactive, this will have some influence on the headline results for the young non-graduate population as this will include a higher proportion of individuals studying than the general population.

**Figure 1: Headline Statistics - Employment Rates, Unemployment Rates and Inactivity Rates (2015)**



## High Skilled Employment Rates

Within the employment statistics, it is possible to look at what type of employment graduates, postgraduates and non-graduates were engaged in. This includes whether or not they were in high skilled employment<sup>7</sup>. Figure 2 breaks down the employment rates shown in Figure 1 by the percentage of those in high-skilled employment<sup>8</sup> or medium/low skilled employment<sup>9</sup>.

Figure 2 shows that although graduates and postgraduates had similar overall employment rates in 2015 (around 87%), postgraduates had much greater high skilled employment rates, with 78% of all working age postgraduates in high skill employment compared to 66% of all working age graduates. The young population had lower high skilled employment rates than the overall working age population across all qualification categories, perhaps suggesting it might take time for young people to become established in the labour market or to reach the higher levels in organisations that are captured by the high skilled employment rate measure.

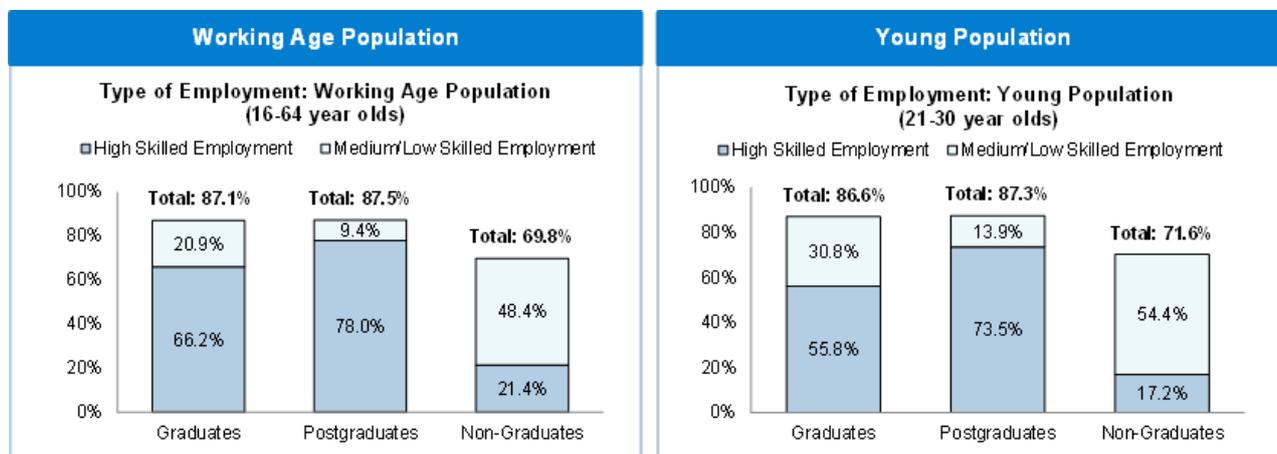
<sup>7</sup> High skilled employment rates are given as a proportion of the total population (including those that are unemployed or inactive) rather than only a proportion of those employed.

<sup>8</sup> High skilled jobs are defined as Standard Occupation Classification (SOC) codes 1-3. SOC 1-3 include: managers, directors and senior officials; professional occupations and associate professional and technical occupations.

<sup>9</sup> Medium or low skilled jobs are defined in this publication as Standard Occupation Classification (SOC) codes 4-9. SOC 4-9 include: administrative and secretarial occupations; skilled trades' occupations; caring, leisure and other service occupations; sales and customer service occupations; process, plant and machine operatives and elementary occupations.

A greater percentage of non-graduates were working in medium or low skilled employment than graduates or postgraduates, across both working age and young populations.

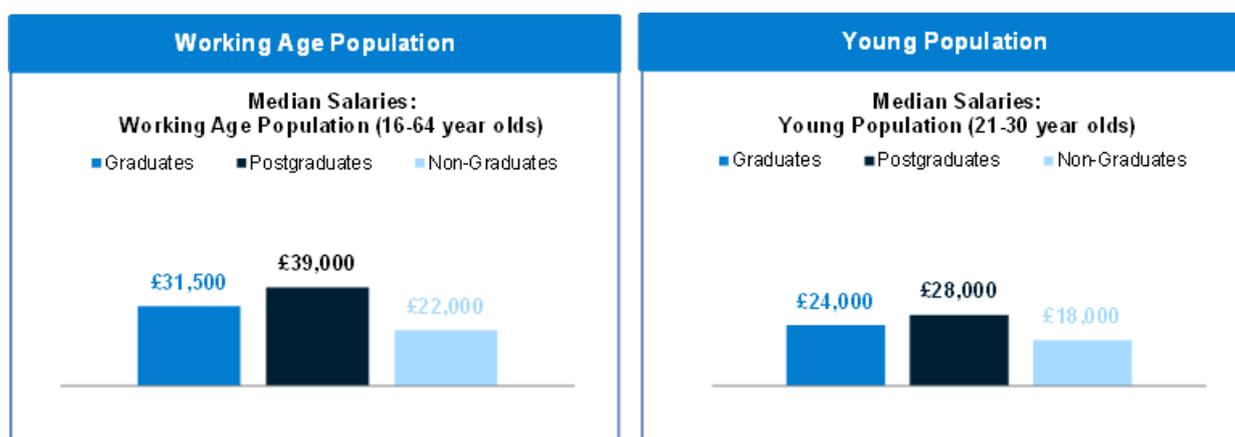
**Figure 2: Headline Statistics - High Skilled Employment Rates (2015)<sup>10</sup>**



## Median Salaries<sup>11</sup>

Figure 3 shows that, in 2015 and across the working age population, graduates earned £9,500 more than non-graduates and postgraduates earned £7,500 more than graduates, on average. These gaps were narrower for the young population, with graduates earning £6,000 more than non-graduates, and postgraduates earning £4,000 more than graduates, on average.

**Figure 3: Headline Statistics - Median Salaries (2015)**



<sup>10</sup> The high skilled employment rate and the medium/low skilled employment rate may not add up to the employment rate exactly due to rounding.

<sup>11</sup> Median salaries are given in nominal terms, so do not account for inflation. They are only given for those in full-time work, so exclude part-time workers. Also, they are rounded to the nearest £500, in line with statistics from the Destinations of Leavers from Higher Education surveys.

([https://www.hesa.ac.uk/index.php?option=com\\_content&view=article&id=1899&Itemid=239#salary](https://www.hesa.ac.uk/index.php?option=com_content&view=article&id=1899&Itemid=239#salary)).

## Year-on-year changes

This section focuses on how the headline statistics changed between 2014 and 2015. Employment rates for postgraduates and graduates remained relatively stable, however non-graduates saw an increase in employment rate of 0.8 percentage points and 1.3 percentage points across the working age and young populations respectively. Non-graduates saw a similar improvement in their unemployment rates with falls of 1.1 percentage points across the working age population and 1.7 percentage points across the young population.

Graduates saw a decline in the proportion working in high skilled jobs, of 1.3 percentage points across the working age population and 2.2 percentage points across the young population. Median salaries have remained stable on the whole, although working age graduates have experienced a small dip down of £500 to £31,500, on average, in 2015.

**Table 1: Headline Statistics and year-on-year changes (2015)**

| Working Age Population (16-64) | Employment Rate | Y/Y        | High Skilled Employment Rate | Y/Y        | Unemployment Rate | Y/Y        | Inactivity Rate | Y/Y        | Median Salary (nearest £500) | Y/Y       |
|--------------------------------|-----------------|------------|------------------------------|------------|-------------------|------------|-----------------|------------|------------------------------|-----------|
| Graduates                      | 87.1%           | No change  | 66.2%                        | - 1.3 ppts | 3.1%              | - 0.2 ppts | 10.1%           | + 0.1 ppts | £31,500                      | - £500    |
| Postgraduates                  | 87.5%           | No change  | 78.0%                        | + 0.1 ppts | 2.3%              | No change  | 10.5%           | No change  | £39,000                      | No change |
| Non-graduates (L5-)            | 69.8%           | + 0.8 ppts | 21.4%                        | - 0.1 ppts | 6.4%              | - 1.1 ppts | 25.4%           | No change  | £22,000                      | No change |
| Young Population (21-30)       | Employment Rate | Y/Y        | High Skilled Employment Rate | Y/Y        | Unemployment Rate | Y/Y        | Inactivity Rate | Y/Y        | Median Salary (nearest £500) | Y/Y       |
| Graduates                      | 86.6%           | - 0.4 ppts | 55.8%                        | - 2.2 ppts | 4.9%              | - 0.4 ppts | 8.9%            | + 0.7 ppts | £24,000                      | No change |
| Postgraduates                  | 87.3%           | + 0.1 ppts | 73.5%                        | + 0.6 ppts | 3.6%              | - 0.3 ppts | 9.4%            | + 0.1 ppts | £28,000                      | + £500    |
| Non-graduates (L5-)            | 71.6%           | + 1.3 ppts | 17.2%                        | + 0.5 ppts | 8.6%              | - 1.7 ppts | 21.7%           | No change  | £18,000                      | No change |

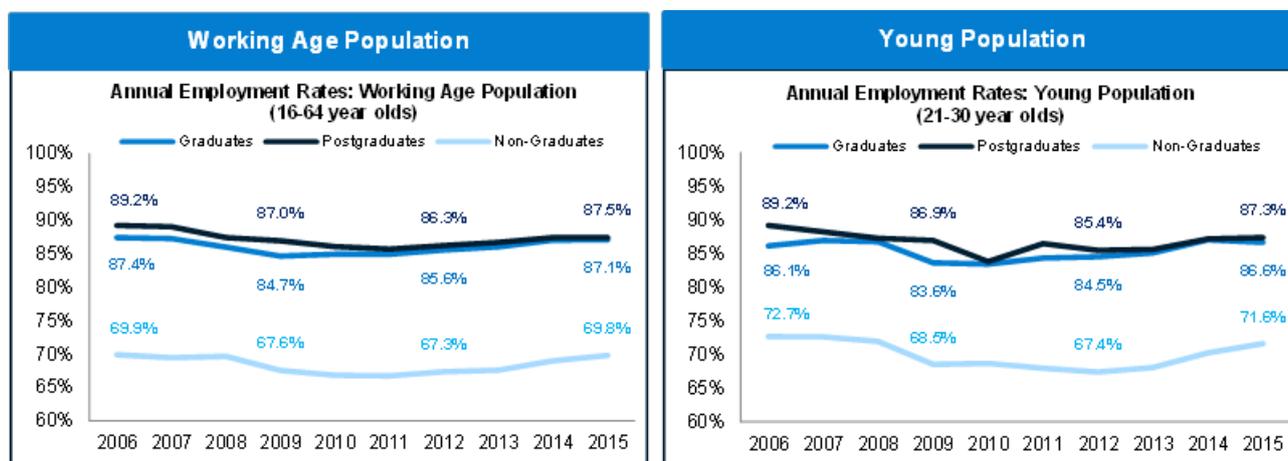
# Time Series Data 2006-2015

This section focuses on how employment rates, high skilled employment rates, unemployment rates and nominal median salaries have evolved over the last decade. The graphs below include data for years 2006, 2009, 2012 and 2015 as reference points to help demonstrate the trends over the decade analysed; however the full time series data can be found in the supporting data published on the gov.uk website alongside this publication.

## Employment Rates

Employment rates fell across all groups as the recession hit in 2008, although for graduates and non-graduates these have since recovered to around pre-recession levels. In the case of young graduates (21-30 year olds) their employment rate was 0.5 percentage points higher in 2015 than in 2006. Postgraduate employment rates, however, have not yet fully recovered. For working age and young postgraduates, employment rates in 2015 were, respectively, 1.7 percentage points and 1.9 percentage points below 2006 levels.

**Figure 4: Time Series Data - Annual Employment Rates (2006-2015)**



## High Skilled Employment Rates

High skilled employment rates were lower in 2015 than they were before the recession in 2006, although a small structural break in the definition between 2010 and 2011 (as the Office for National Statistics revised the Standard Occupation Classification codes) means this is difficult to quantify and comparisons should be treated with some degree of caution<sup>12</sup>.

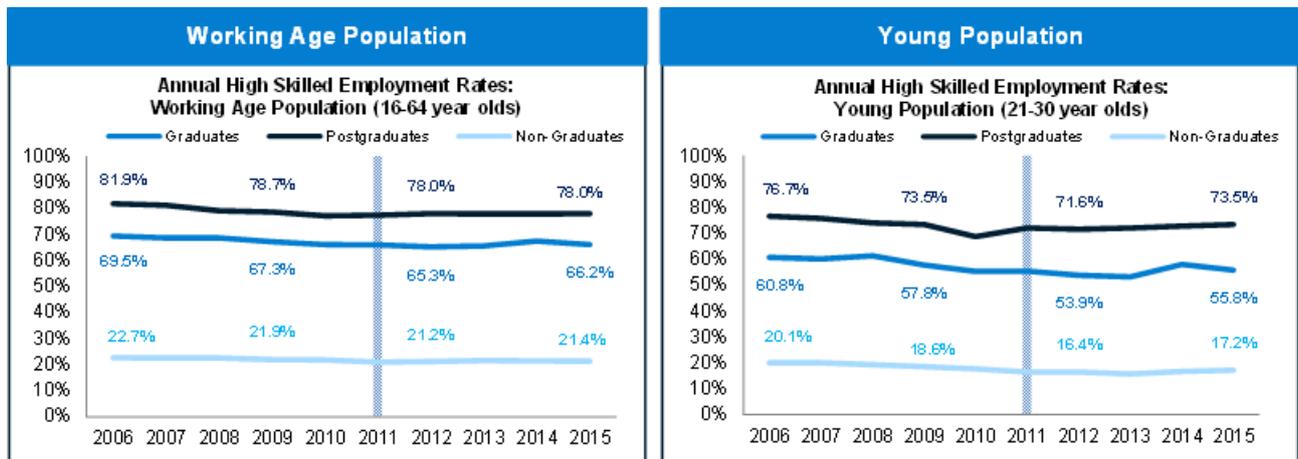
<sup>12</sup> More detail on this issue can be found on the ONS website:

<https://www.ons.gov.uk/methodology/classificationsandstandards/standardoccupationalclassificationsoc/soc2010>

High skilled employment rates fell for all groups when the recession first hit in 2008. However, there has been an increase in high skilled employment rates across nearly all groups in recent years; for example young postgraduates and young graduates both saw a 1.9 percentage points increase between 2012 and 2015.

Although the time series data indicates a clear decline in high skilled employment rates for all groups since 2006 it is difficult to ascertain whether this is due to a longer term change in labour market structures or definitional change. BIS will continue to monitor this trend as new data becomes available.

**Figure 5: Time Series Data - Annual High Skilled Employment Rates (2006-2015)<sup>13</sup>**

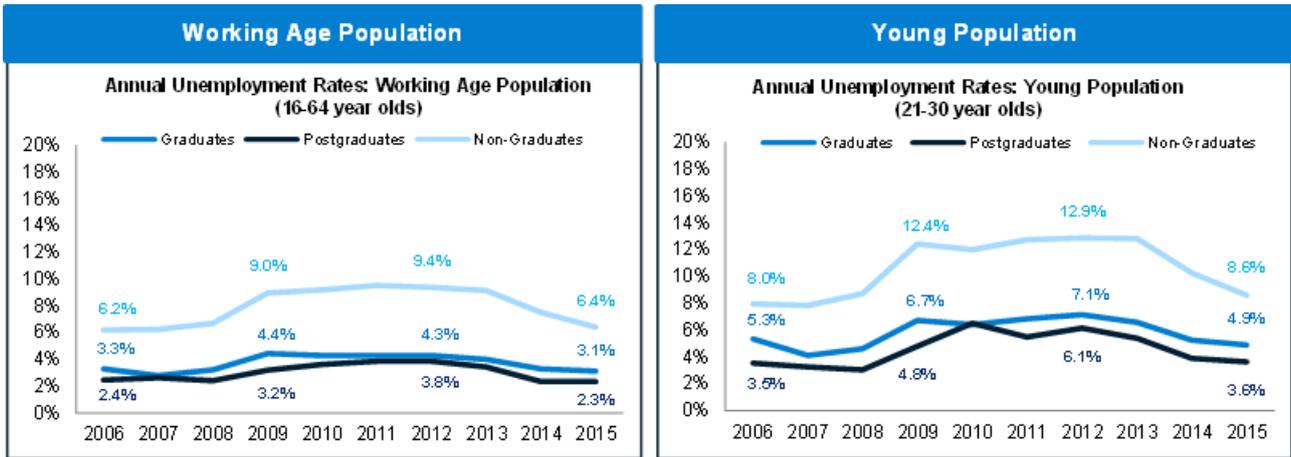


## Unemployment Rates

Unemployment rates follow a similar trend to employment rates, increasing as the recession hit in 2008 and then gradually decreasing over the following years to reach around pre-recession levels by 2015. Graduates and postgraduates were more protected from unemployment during the recession than non-graduates; young non-graduates saw their unemployment rate rise to almost 13% in 2012. In recent years unemployment rates have recovered; for example the unemployment rate fell by 2.5 percentage points for young postgraduates, by 2.2 percentage points for young graduates and by 4.3 percentage points for young non-graduates between 2012 and 2015.

<sup>13</sup> The shaded vertical lines in the two graphs in this figure represent the structural break in the data as the SOC codes were revised by the ONS.

**Figure 6: Time Series Data - Annual Unemployment Rates (2006-2015)**

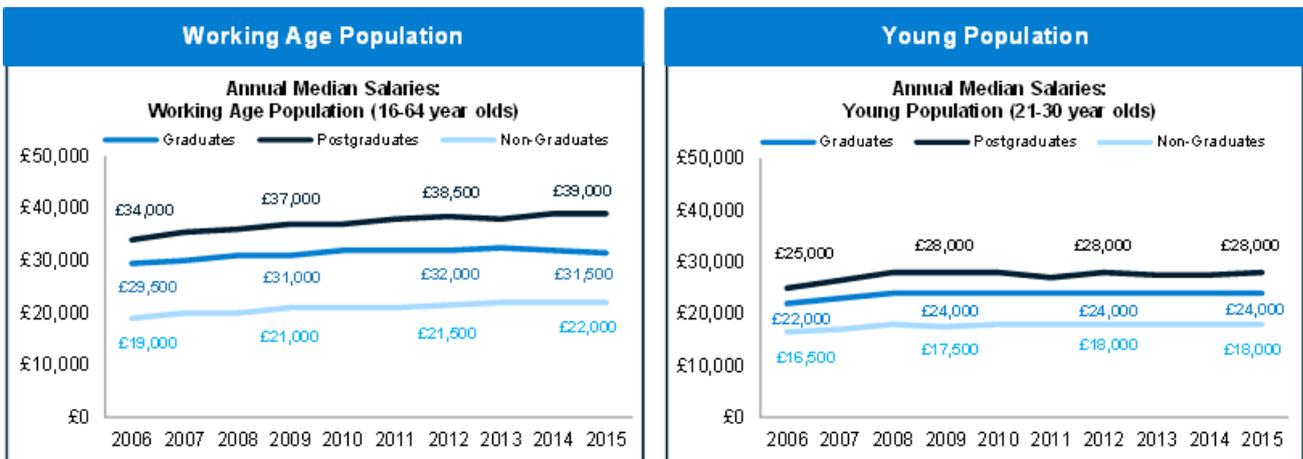


## Median Salaries

All groups saw increases in nominal<sup>14</sup> median salary between 2006 and 2008; however earnings growth stagnated in the following years, both during the recession and afterwards. Salaries for most groups have remained relatively flat since 2008, with some small increases for working age postgraduates and non-graduates up to 2015. This demonstrates how salaries across the economy faltered during this period, with higher education not necessarily protecting young graduates and young postgraduates from salary stagnation during these years.

Overall, the data indicates that holding a first degree or higher degree provided some protection in terms of unemployment over the recession, but both graduates and postgraduates faced similar trends to non-graduates in terms of employment and nominal median salaries over the last decade.

**Figure 7: Time Series Data - Annual Median Salaries (2006-2015)**



<sup>14</sup> Median salaries are given in nominal terms, so do not account for inflation.

# Breakdown of Graduate Outcomes

This section provides a more detailed focus on the employment and earnings outcomes of graduates by their specific characteristics<sup>15</sup>. The breakdowns included in this publication are:

- Age group
- Gender
- Ethnicity
- Disability status
- Degree class
- Subject group
- Occupation
- Sector

## Age Group

The employment and earnings outcomes of graduates are disaggregated into the following four categories: 21-30 year olds (also known in this publication as the young population), 31-40 year olds, 41-50 year olds and 51-60 year olds. This is to show how employment and earnings outcomes of graduates vary over the lifecycle.

## Employment Rates, Unemployment Rates and Inactivity Rates

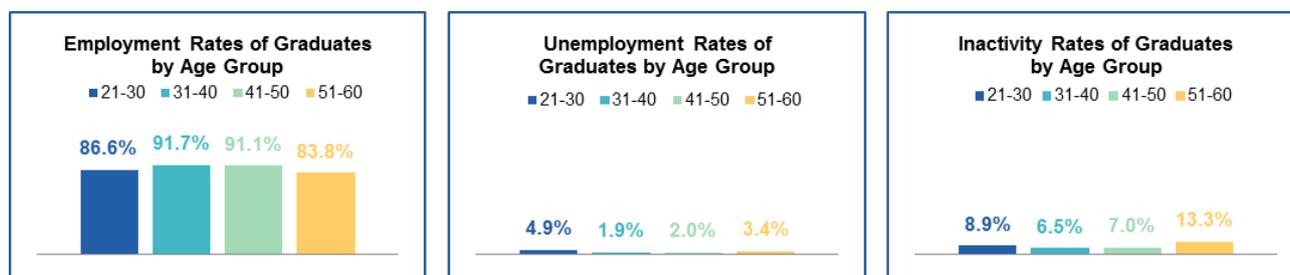
In 2015, graduates between the ages of 31 and 50 had the highest employment rates, lowest unemployment rates and lowest inactivity rates. Also, outcomes clearly improve between graduates aged 21 to 30 and those aged 31 to 40 as graduates gain experience in the labour market.

Graduates aged between 51 and 60 had lower employment rates and higher inactivity rates than other graduate age categories; this could have been driven by those who have taken early retirement. However, they also had higher unemployment rates than graduates aged 31 to 50, perhaps demonstrating that at some point in the lifecycle other factors in the workplace become more important than experience.

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<sup>15</sup> Postgraduates are out of scope for this part of the publication due to smaller sample sizes not making robust analysis possible. Also non-graduates are out of scope for this part of the publication given the focus of the GLMS on those who have gained higher education qualifications.

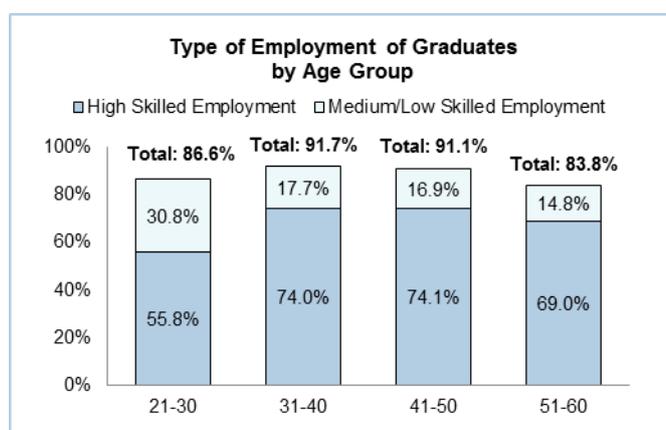
**Figure 8: Employment Rates, Unemployment Rates and Inactivity Rates by Age Group (2015)**



## High Skilled Employment Rates

Graduates aged 21-30 had lower high skilled employment rates than any of the other graduate age categories, which may suggest it takes time for graduates to become established in the labour market or to reach the higher levels in organisations that are captured by the high skilled employment rate measure. The proportion of those employed that were working in high skilled jobs was relatively stable across the other three age categories, with the dip in high skilled employment rate for graduates aged 51 to 60 being largely matched by the dip in their employment rate.

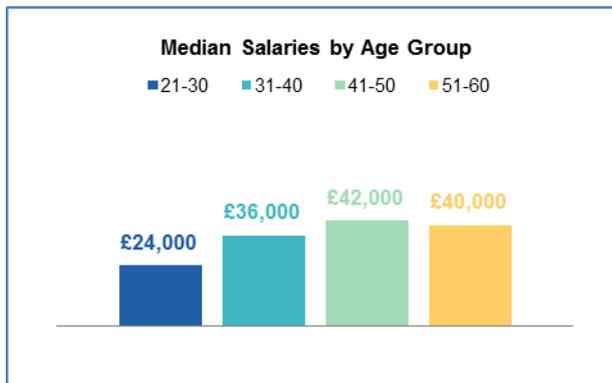
**Figure 9: High Skilled Employment Rates by Age Group (2015)<sup>16</sup>**



## Median Salaries

Nominal median salaries increase across the lifecycle, before decreasing slightly for graduates aged 51 to 60. The biggest increase in median salaries can be seen between young graduates aged 21 to 30 and those aged 31 to 40, with a difference of £12,000, on average. This will have been caused to some extent by the increase in experience and the greater propensity to work in high skilled employment. Graduates aged 51 to 60 had better earnings outcomes than those aged 31 to 40; however their employment outcomes were the opposite with those graduates aged 51-60 having lower employment rates than those aged 31 to 40.

<sup>16</sup> The high skilled employment rate and the medium/low skilled employment rate may not add up to the employment rate exactly due to rounding.

**Figure 10: Median Salaries by Age Group (2015)**

## Gender

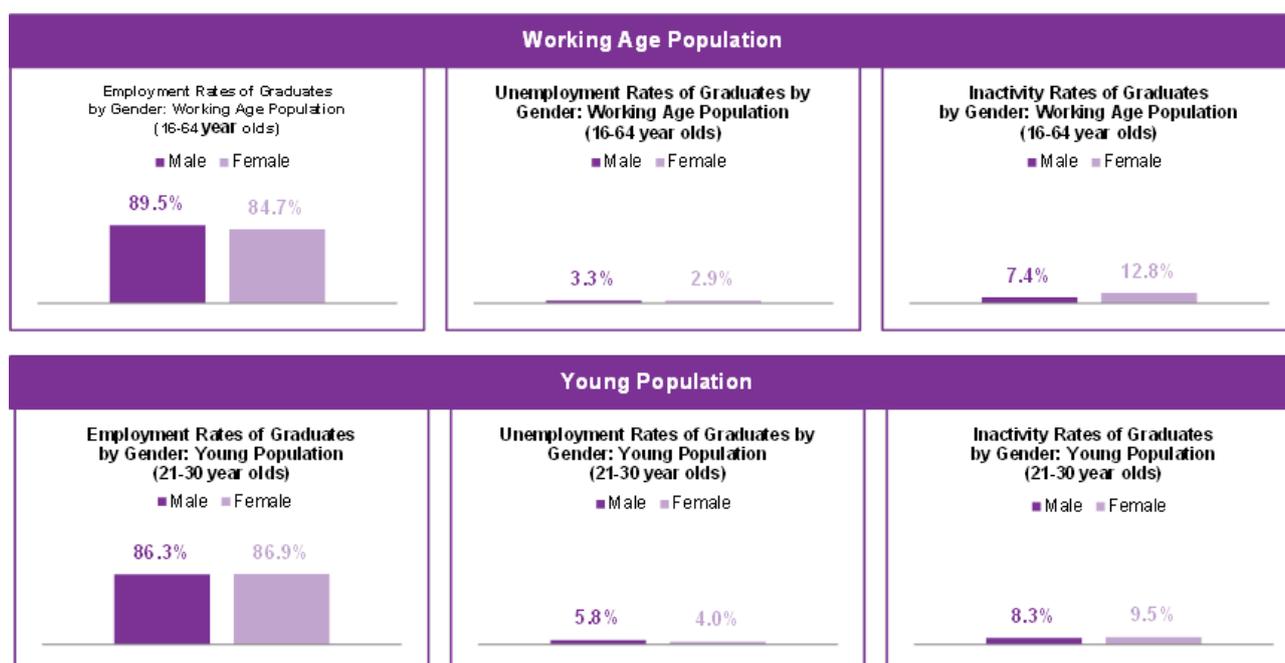
This section provides a more detailed focus on the employment and earnings outcomes of graduates by gender.

### Employment Rates, Unemployment Rates and Inactivity Rates

Male and female graduates had similar unemployment rates across the working age population, but male graduates had a higher employment rate and female graduates had a higher inactivity rate. This greater inactivity rate for female graduates could be linked to a higher likelihood of taking time out of the labour market due to undertaking childcare responsibilities.

The differences in employment and inactivity were not as stark across the young population; young female graduates had a marginally higher employment rate and inactivity rate than young male graduates. However, the unemployment rate for young male graduates was 1.8 percentage points higher than for their female counterparts.

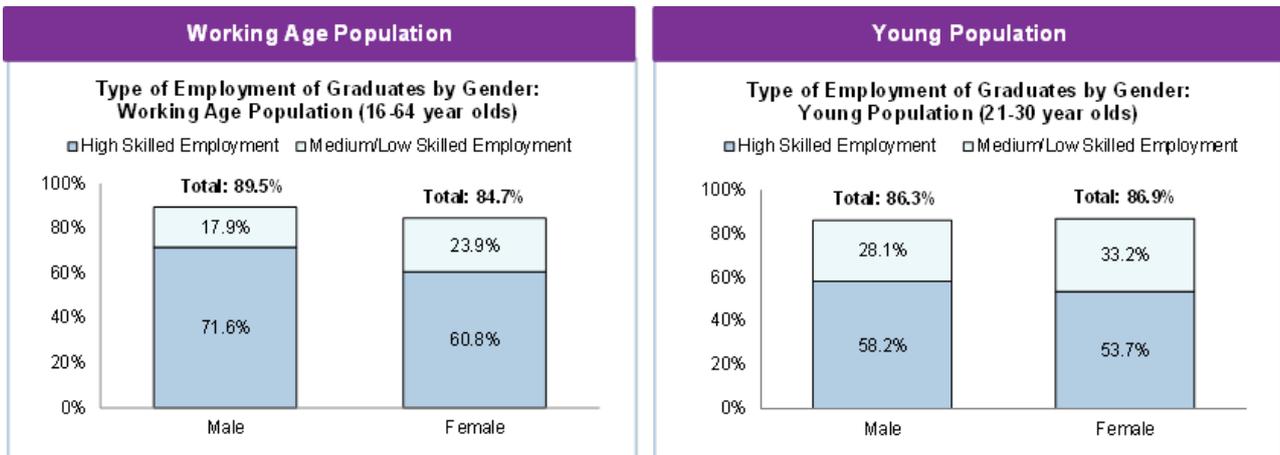
**Figure 11: Employment Rates, Unemployment Rates and Inactivity Rates by Gender (2015)**



### High Skilled Employment Rates

Male graduates had greater high skilled employment rates than female graduates across both working age and young populations. The gap was wider across the working age population than the young population, implying that it diverges as graduates get older.

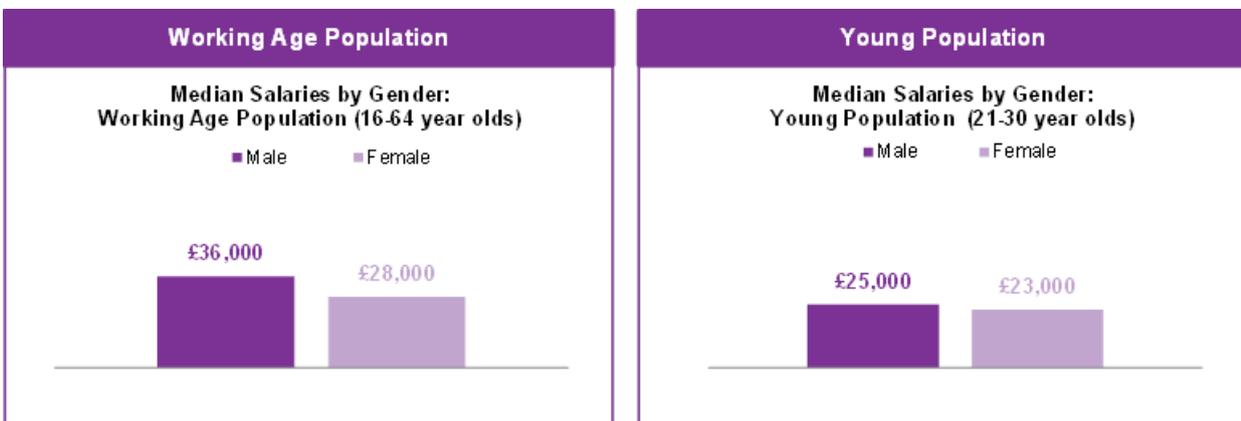
**Figure 12: High Skilled Employment Rates by Gender (2015)**



**Median Salaries**

In 2015, male graduates earned £8,000 more than female graduates, on average and across the working age population. This difference still existed for the young population, but the gap in salaries between young male and female graduates was much narrower at £2,000. It is possible that this gap was partially explained by the fact that male graduates had greater high skilled employment rates, typically associated with higher average salaries, than female graduates.

**Figure 13: Median Salaries by Gender (2015)**



## Ethnicity

This section provides a more detailed focus on the employment and earnings outcomes of graduates by ethnicity. Ethnicity is disaggregated into four categories:

- White
- Asian
- Black
- Other<sup>17</sup>.

The 'Other' ethnicity category includes graduates from a wide range of ethnic backgrounds. This category has been included for completeness within the data; however there is likely to be a high level of variation between graduates in this group and caution should be exercised when making comparisons with this group.

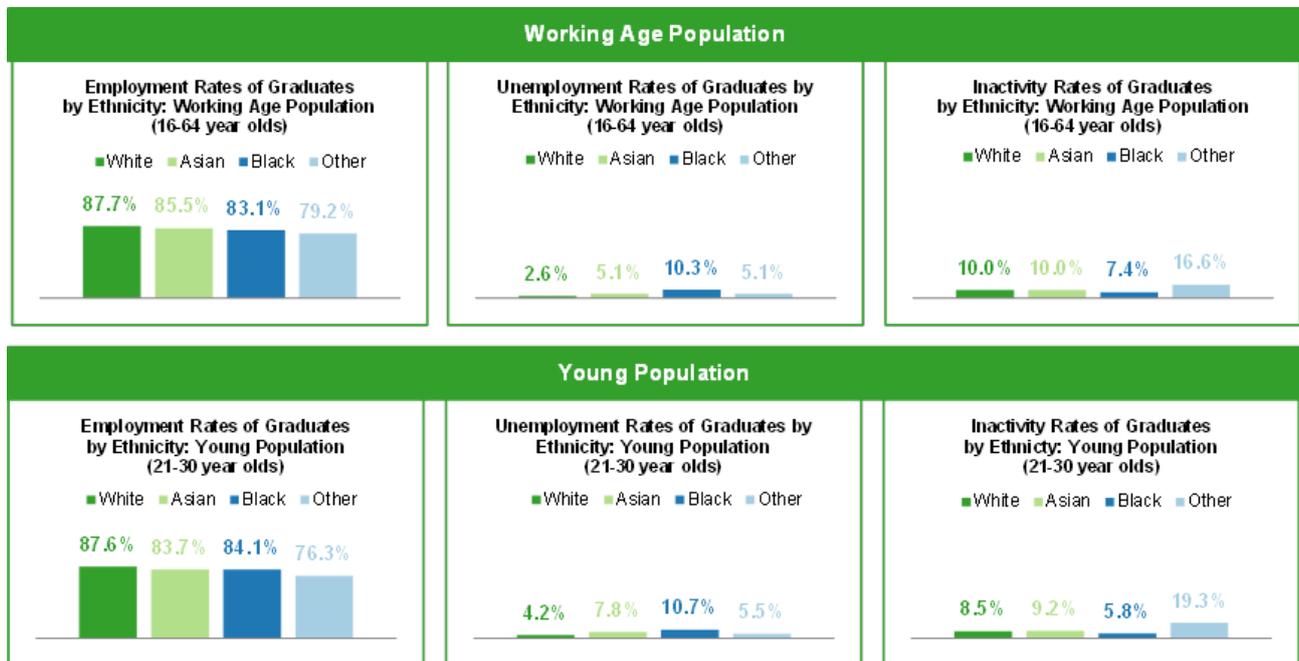
### Employment Rates, Unemployment Rates and Inactivity Rates

White graduates had the highest employment rates and lowest unemployment rates in 2015. Black graduates had the highest unemployment rates; their unemployment rate was almost four times higher than for White graduates and double that of Asian graduates, across the working age population. Black graduates also had the lowest inactivity rates, across both working age and young populations.

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<sup>17</sup> Asian is defined in the Labour Force Survey (LFS) as Asian or Asian British. Black is defined in the LFS as Black, African, Caribbean or Black British. Other combines four groups within the LFS; Mixed or Multiple ethnic groups, Chinese, Arab or Other ethnic group. 'Other' has been combined together as at the disaggregated level the sample sizes were insufficient for robust analysis. All of these subcategories are given as they are defined in the Labour Force Survey user guide.

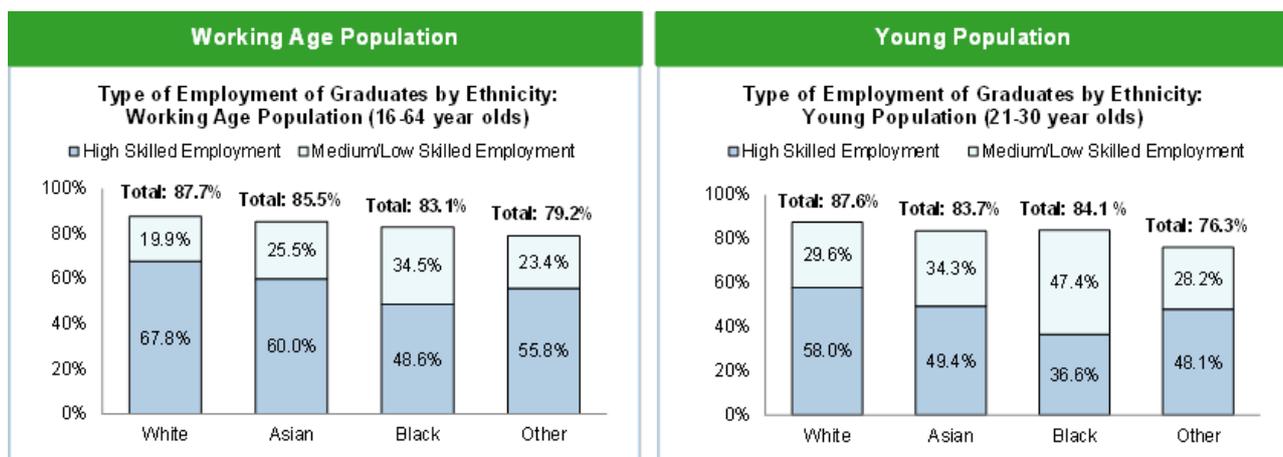
**Figure 14: Employment Rates, Unemployment Rates and Inactivity Rates by Ethnicity (2015)**



### High Skilled Employment Rates

The high skilled employment rates were highest for White graduates and lowest for Black graduates across both the working age and young populations; however this difference was wider across the young population. Only 37% of young Black graduates were working in high skilled employment; this was much lower than all of the other ethnic groups analysed in this section.

**Figure 15: High Skilled Employment Rates by Ethnicity (2015)<sup>18</sup>**

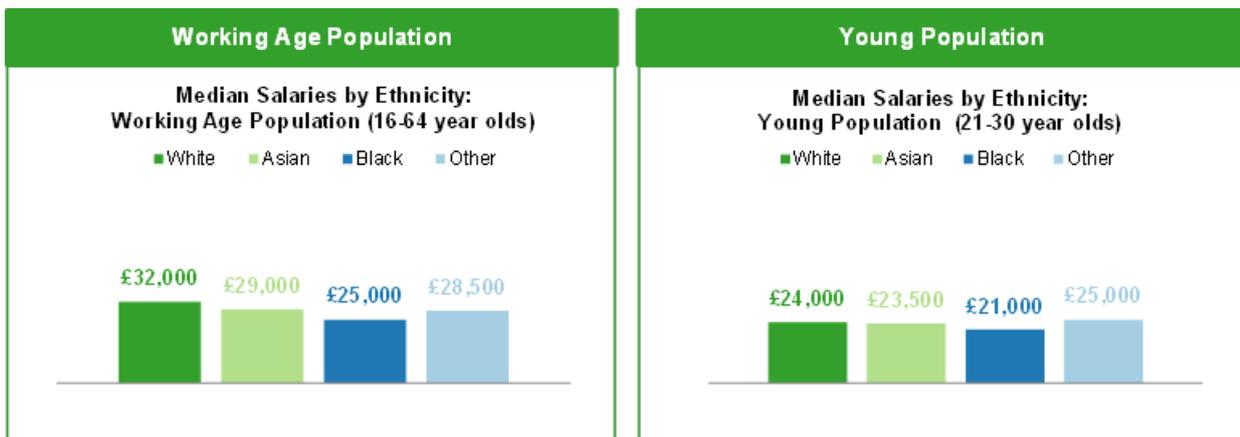


<sup>18</sup> The high skilled employment rate and the medium/low skilled employment rate may not add up to the employment rate exactly due to rounding.

## Median Salaries

White graduates had the highest nominal median salaries, earning £3,000 more than Asian graduates and £7,000 more than Black graduates, across the working age population. The gap in salaries still existed for the young population, but to a lesser extent, with young White graduates earning £500 more than young Asian graduates and £3,000 more than young Black graduates. This gap was possibly partially explained by the fact that White graduates had greater high skilled employment rates than Asian and Black graduates, with this type of employment typically having higher average salaries.

**Figure 16: Median Salaries by Ethnicity (2015)**



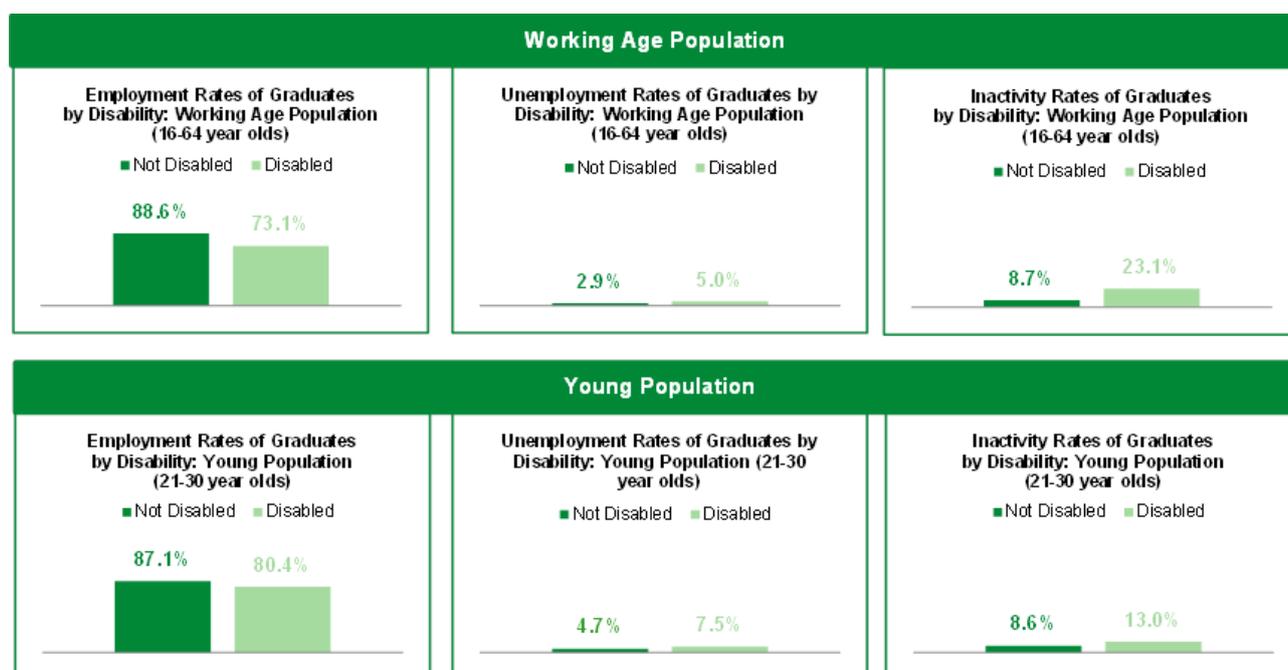
## Disability Status

This section provides a more detailed focus on the employment and earnings outcomes of graduates by disability status. This breakdown is based on the legal definition found in the Equality Act 2010<sup>19</sup>.

### Employment Rates, Unemployment Rates and Inactivity Rates

In 2015, disabled graduates had lower employment rates, higher unemployment rates and higher inactivity rates, across both working age and young populations. The gap in both the employment rate and inactivity rate was narrower across the young population. However the unemployment rate disparity was wider for the young population, with the unemployment rate of young disabled graduates 2.8 percentage points higher than young graduates that are not disabled.

**Figure 17: Employment Rates, Unemployment Rates and Inactivity Rates by Disability Status (2015)**

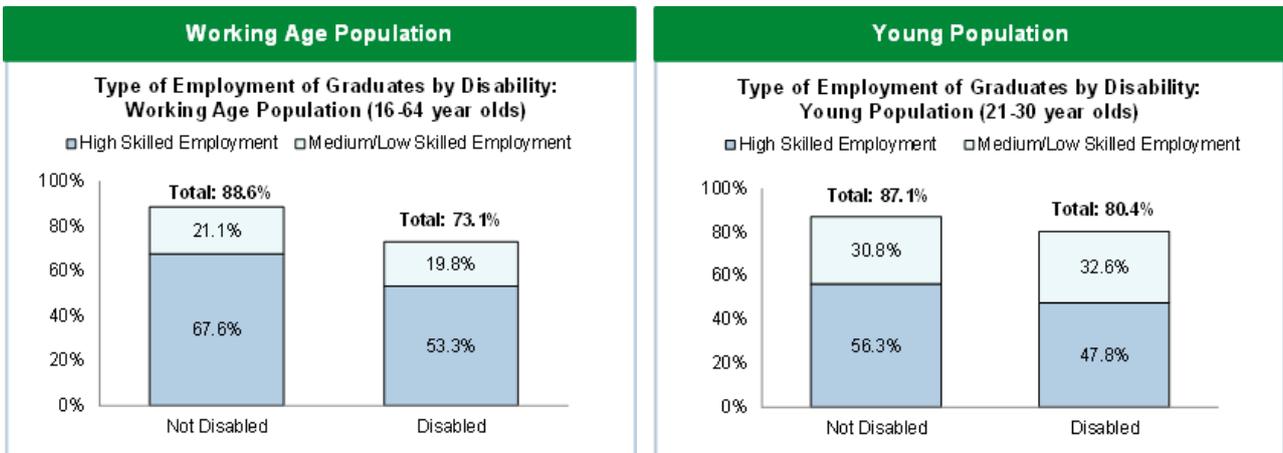


### High Skilled Employment Rates

Disabled graduates had lower high skilled employment rates than graduates that are not disabled, across both working age and young populations.

<sup>19</sup>The Equality Act (2010) defines a disability as “a physical or mental impairment which has a substantial and long-term adverse effect on your ability to carry out normal day-to-day activities”.

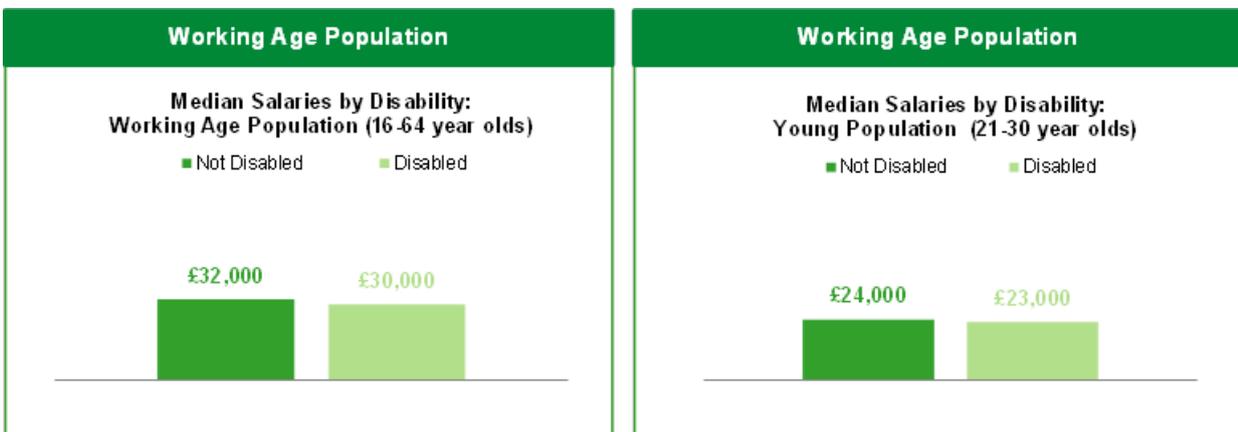
**Figure 18: High Skilled Employment Rates by Disability Status (2015)<sup>20</sup>**



**Median Salaries**

Disabled graduates earned £2,000 less than graduates that are not disabled, in terms of nominal median salary, across the working age population. This difference was narrower, at £1,000, across the young population. This gap could be partially explained by the fact that disabled graduates had lower high skilled employment rates than graduates that are not disabled.

**Figure 19: Median Salaries by Disability Status (2015)**



<sup>20</sup> The high skilled employment rate and the medium/low skilled employment rate may not add up to the employment rate exactly due to rounding.

## Degree Class

This section provides a more detailed focus on the employment and earnings outcomes of graduates by degree class achieved in their degree. Degree class is disaggregated into four categories:

- First
- Upper second (2:1)
- Lower second (2:2)
- Third

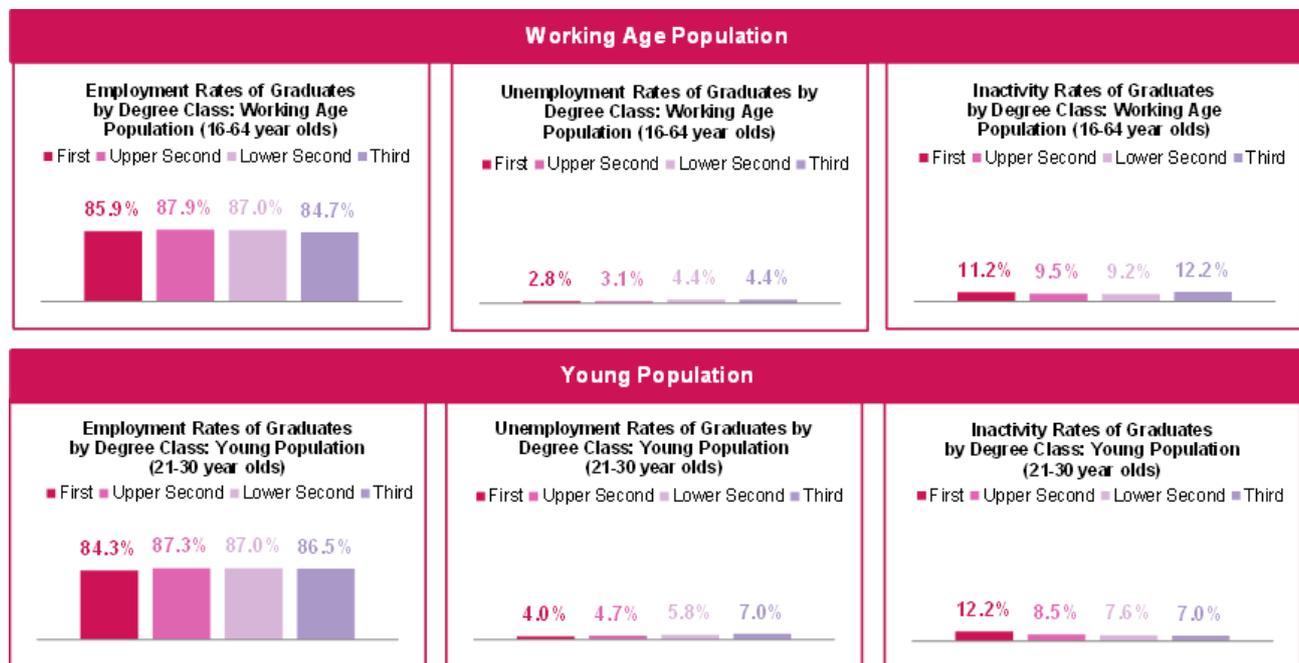
### Employment Rates, Unemployment Rates and Inactivity Rates

Overall, employment rates, unemployment rates and inactivity rates varied by degree class achieved to a lesser extent than the other characteristics analysed in this note. Graduates that achieved an upper second in their degree had the highest employment rates, although graduates that achieved a first in their degree had the lowest unemployment rates; these findings held across both the working age and young populations. Young graduates that achieved a first class degree had much higher inactivity rates than the other three categories, by around 3-5 percentage points; this may be explained by an increased likelihood of undertaking further study<sup>21</sup>.

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<sup>21</sup> Full time first degree graduates from the 2008/09 cohort were almost twice as likely to be in further study if they achieved a first class degree compared to other degree classifications, three and a half years after graduation. Table 4, [https://www.hesa.ac.uk/dlhelong0809\\_contents](https://www.hesa.ac.uk/dlhelong0809_contents)

**Figure 20: Employment Rates, Unemployment Rates and Inactivity Rates by Degree Class (2015)**

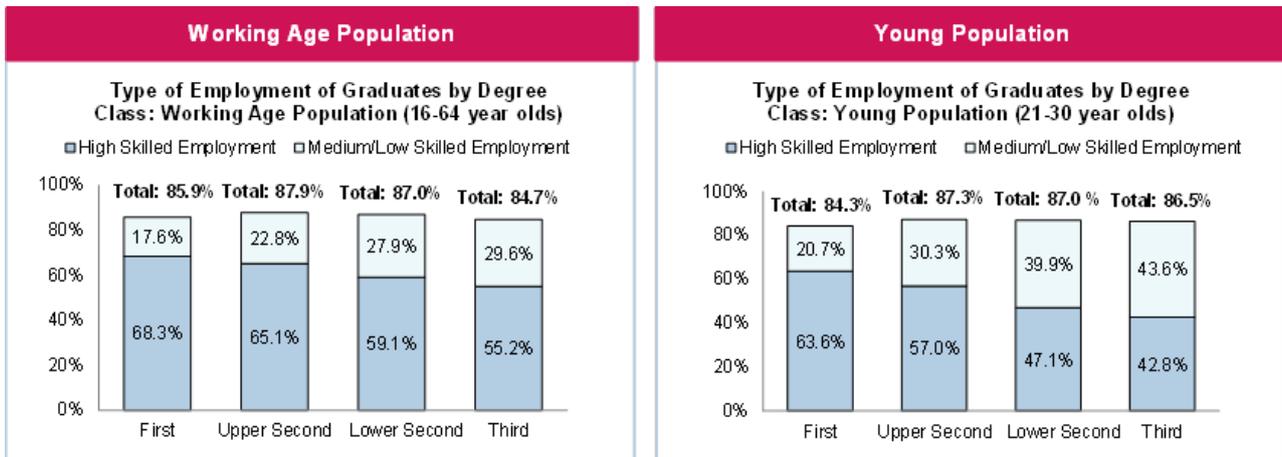


### High Skilled Employment Rates

High skilled employment rates followed a clear trend across the different degree classes achieved, they were highest for those graduates that achieved a first in their degree through to lowest for those graduates that achieved a third in their degree. Given that you would expect degree class achieved to be correlated with inherent ability, and employers may require candidates to achieve a certain degree class to be eligible to apply for some roles, this finding is not particularly surprising. Graduates that achieved a first in their degree had the highest high skilled employment rate, even though they had lower employment rates than those graduates that achieved an upper or lower second.

Almost two-thirds of young graduates that achieved a first in their degree were in high skilled jobs; the equivalent figure was 57% for those young graduates with an upper second. However, less than half of those young graduates that achieved a lower second or third in their degree were working in high skilled employment.

**Figure 21: High Skilled Employment Rates by Degree Class (2015)<sup>22</sup>**



### Median Salaries

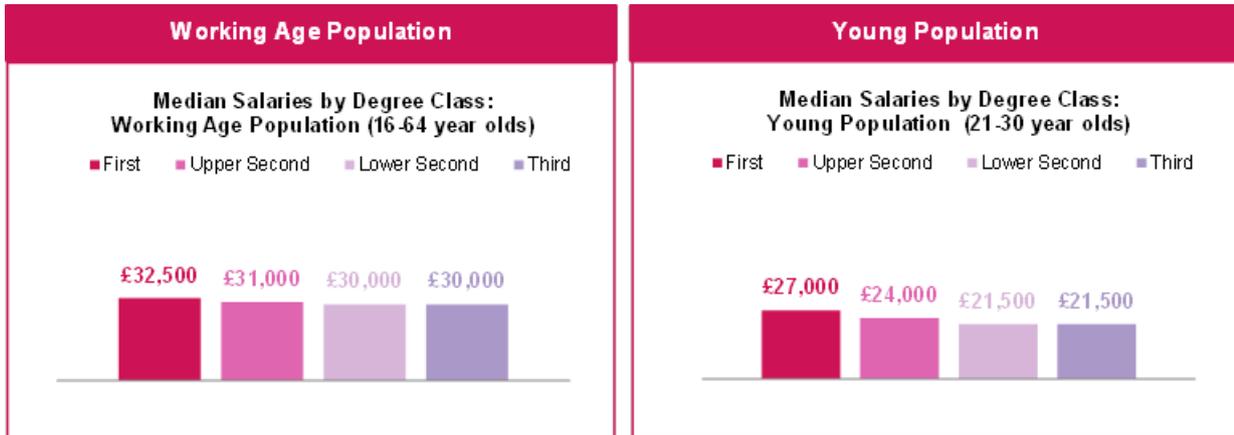
Across the working age population, those graduates that achieved a first in their degree earned £1,500 more than those who achieved an upper second. In turn, those graduates that achieved an upper second in their degree earned £1,000 more than those who achieved a lower second or third, across the working age population.

Degree class appears to have more of an impact for the younger population than the working age population. Unlike most other characteristics analysed in this publication, the gaps in salaries were wider for the young population than the working age population. Young graduates that achieved a first class degree earned £3,000 more than those who achieved an upper second. In turn, those young graduates that achieved an upper second in their degree earned £2,500 more than those who achieved a lower second or third, across the young population.

The nominal median salaries were the same for those graduates that achieved a lower second or a third in their degree, at £30,000 across the working age population and £21,500 across the young population.

<sup>22</sup> The high skilled employment rate and the medium/low skilled employment rate may not add up to the employment rate exactly due to rounding.

**Figure 22: Median Salaries by Degree Class (2015)**



## Subject Group

This section provides a more detailed focus on the employment and earnings outcomes of graduates by the subject group they studied in their degree. Subject group is disaggregated into three categories:

- Science, Technology, Engineering and Mathematics (STEM)<sup>23</sup>
- Law, Economics and Management (LEM)<sup>24</sup>
- Other Social Sciences, Arts and Humanities (OSSAH)<sup>25</sup>

A more granular breakdown was not possible given the sample sizes available for this analysis in the Labour Force Survey.

## Employment Rates, Unemployment Rates and Inactivity Rates

STEM and LEM graduates had higher employment rates than OSSAH graduates across both working age and young populations. STEM graduates had the lowest unemployment rates, and OSSAH graduates had the highest unemployment rates, again across both populations. Across the young population, OSSAH graduates had an unemployment rate 1.3 percentage points and 2.4 percentage points higher than LEM and STEM graduates respectively.

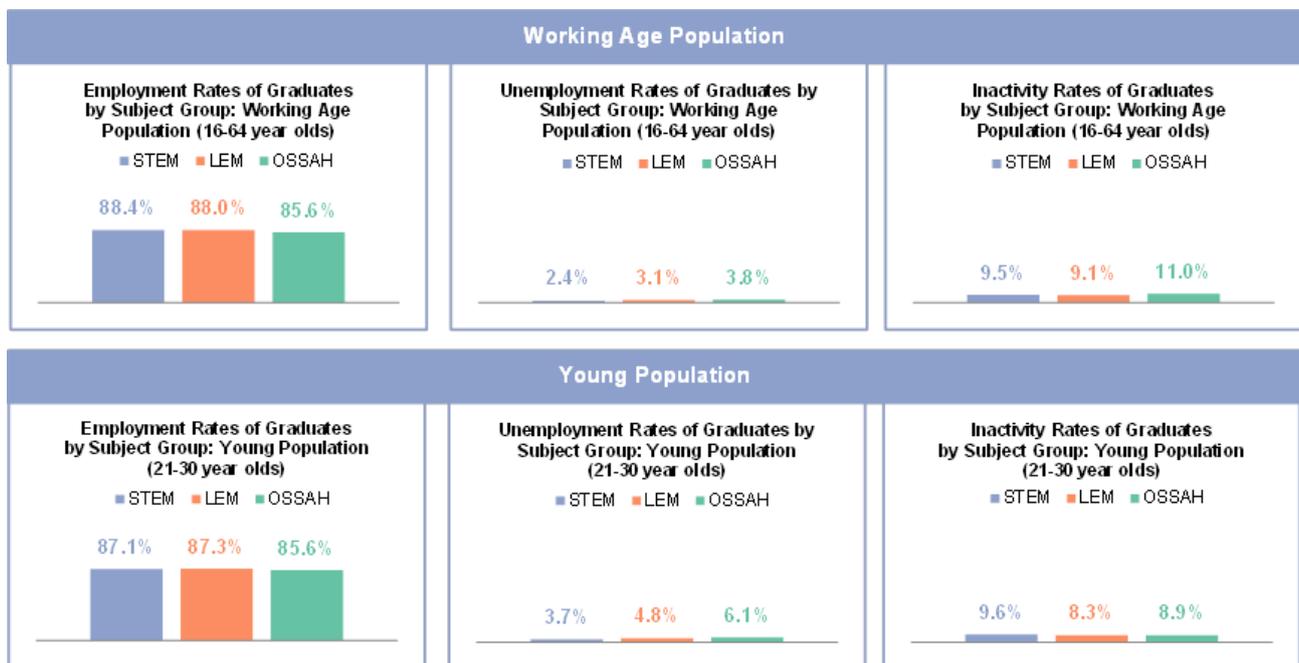
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<sup>23</sup> STEM includes (as defined in the Labour Force Survey user guide): medicine and dentistry; medical related subjects; biological sciences; agricultural sciences; physical and environmental sciences; mathematical sciences and computing' engineering' technology; architecture.

<sup>24</sup> LEM includes (as defined in the Labour Force Survey user guide): law; economics; business and financial studies.

<sup>25</sup> OSSAH includes (as defined in the Labour Force Survey user guide): mass communication and documentation; linguistics (English, Celtic and ancient); European languages; Eastern, Asiatic, African, American and Australasian languages and literature; humanities; arts; education.

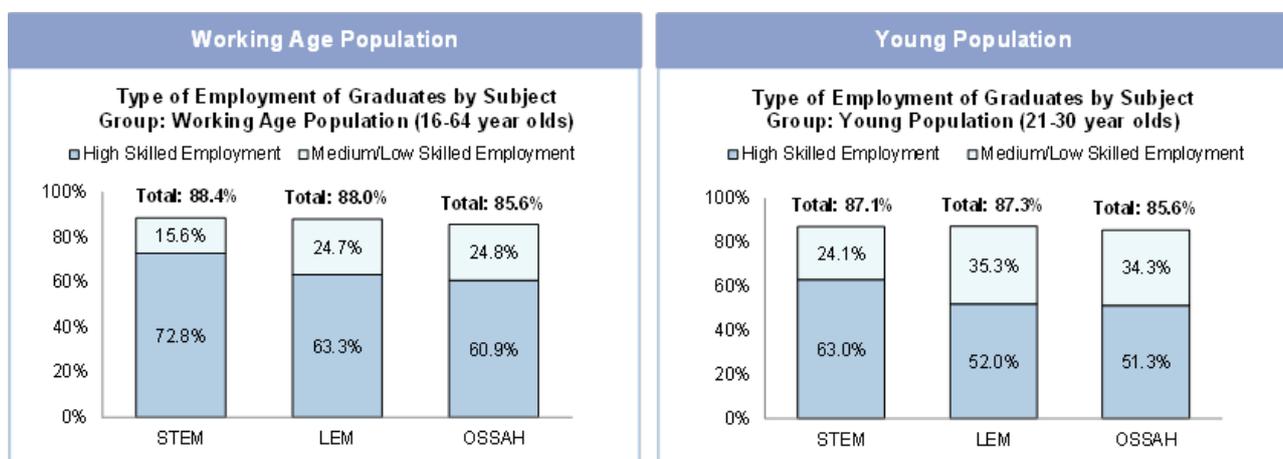
**Figure 23: Employment Rates, Unemployment Rates and Inactivity Rates by Subject Group (2015)**



### High Skilled Employment Rates

STEM graduates had greater high skilled employment rates than both LEM and OSSAH graduates, across both working age and young populations. This figure is particularly high in the working age population, where three quarters of STEM graduates worked in high skilled jobs; the equivalent figure was around three fifths for both LEM and OSSAH graduates respectively. This advantage held for the young population as well, where almost two-thirds of young STEM graduates worked in high skilled jobs compared to just over half of both young LEM and young OSSAH graduates.

**Figure 24: High Skilled Employment Rates by Subject Group (2015)<sup>26</sup>**

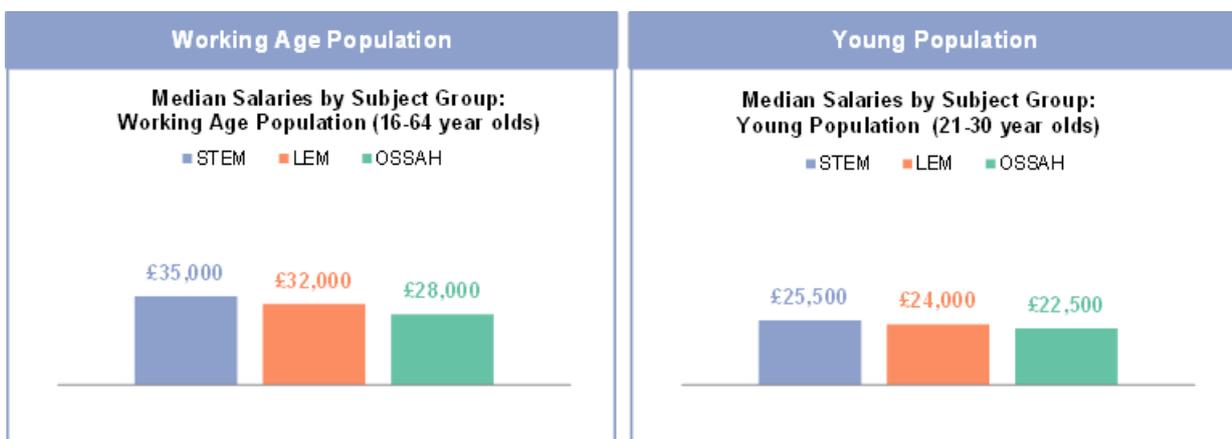


<sup>26</sup> The high skilled employment rate and the medium/low skilled employment rate may not add up to the employment rate exactly due to rounding.

## Median Salaries

Across the working age population, STEM graduates earned, on average, £3,000 more than LEM graduates and £7,000 more than OSSAH graduates. The gap was narrower for the young population, with young STEM graduates earning £1,500 more than young LEM graduates and £3,000 more than young OSSAH graduates. These gaps in salaries are likely to be explained, to some extent, by the earlier finding that STEM graduates had greater high skilled employment rates than LEM or OSSAH graduates. Overall, it should be noted that this section focuses on the subject of study at university, so includes graduates that go on to work in areas unrelated to their subject of study.

**Figure 25: Median Salaries by Subject Group (2015)**



## Occupation

This section provides a more detailed focus on the earnings outcomes of graduates by the occupation they worked in, as defined using the Standard Occupational Classification (SOC) codes. Occupation is disaggregated into five categories:

- Managers, directors and senior officials (SOC 1)
- Professional occupations (SOC 2)
- Associate professional and technical occupations (SOC 3)
- Medium skilled employment (SOC 4-6)
- Low skilled employment (SOC 7-9).

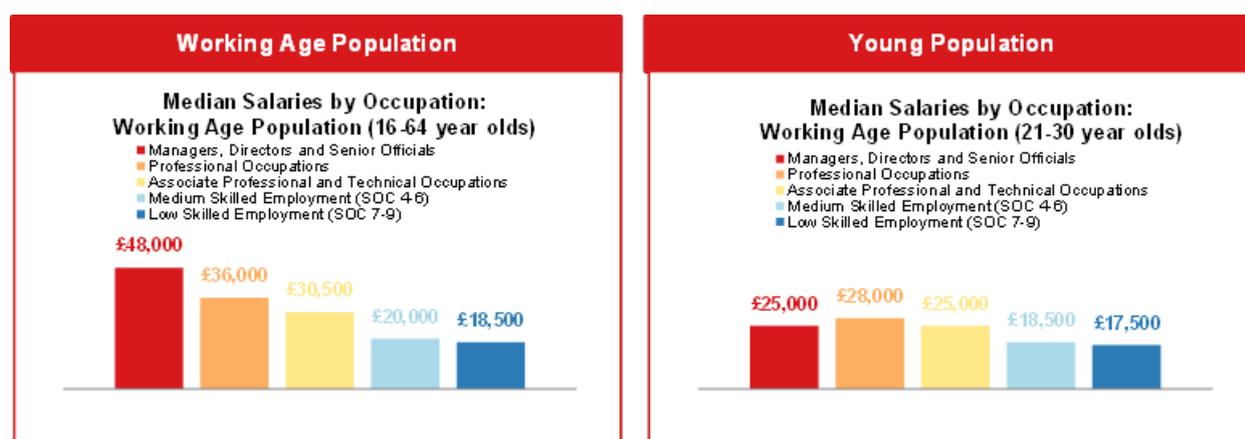
This section only contains information on median salaries as respondents only provide information on their occupation if they are employed.

## Median Salaries

Nominal median salaries followed a clear trend across the different occupation categories for the working age population; they were highest for managers, directors and senior officials (SOC 1) through to lowest for those graduates working in low skilled employment (SOC 7-9). There was a clear disparity in salaries even within those working in high skilled employment (SOC 1-3) across the working age population. Those working in high skilled employment earned at least £10,000 more (and up to almost £30,000 more for managers, directors and senior officials, SOC 1), on average, than those working in medium or low skilled employment (SOC 4-9), across the working age population.

Across the young population, those graduates working in professional occupations (SOC 2) earned £3,000 more than managers, directors and senior officials (SOC 1) as well as those working in associate professional and technical occupations (SOC 3), on average. Across both populations, those working in medium or low skilled employment (SOC 4-9) earned, on average, £20,000 each year or less.

**Figure 26: Median Salaries by Occupation (2015)**



## Sector

This section provides a more detailed focus on the earnings outcomes of graduates by the sector they work in, as defined using the Standard Industrial Classification (SIC) codes. Sector is disaggregated into six broad categories that had sufficient sample sizes for analysis<sup>27</sup>:

- Manufacturing
- Construction
- Distribution, hotels and restaurants
- Transport and communication
- Banking and finance
- Public administration, education and health

This section only contains information on median salaries as respondents only provide information on their sector of employment if they are employed.

### Median Salaries

The four sectors where graduates across the working age population earned the most were manufacturing, construction, transport and communication and banking and finance; they earned between £35,000 and £39,000 in these sectors across the working age population. Those graduates that were employed in the public administration, education and health sectors earned £8,000 more than those graduates working in the distribution, hotels and restaurants sectors, across the working age population. Those graduates working in the distribution, hotels and restaurants sectors earned much less on average than those in the other sectors analysed, across both working age and young populations.

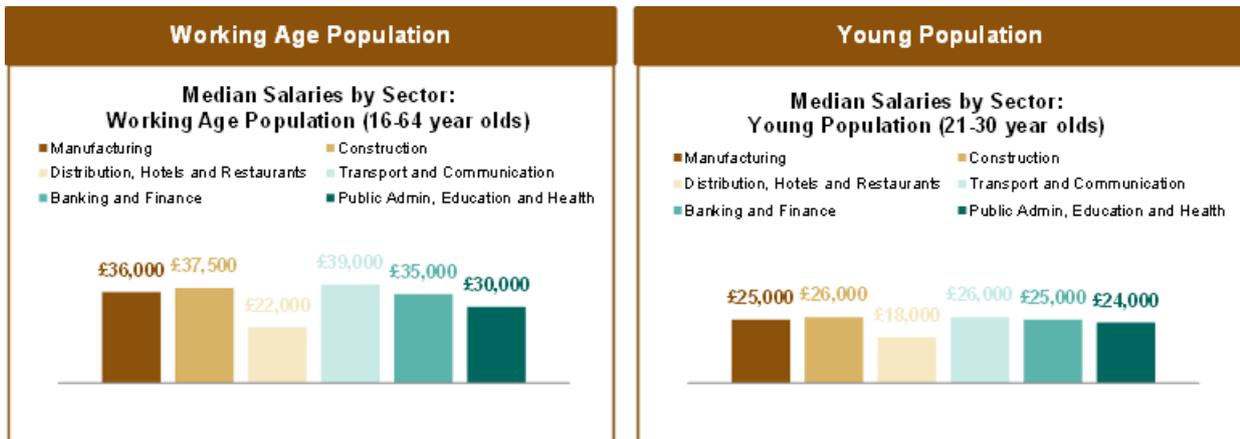
Across the young population the nominal median salaries were within £2,000 of each other (£24,000-£26,000) for all sectors analysed, except for those graduates working in the distribution, hotels and restaurants sectors who earned £18,000.

The variation in nominal median salary was less stark by sector than by occupation, implying that the role within the sector influenced salaries more than the sector itself.

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<sup>27</sup> Agriculture, forestry and fishing, energy and water and other services were excluded from the analysis due to small sample sizes that meant robust findings were not possible.

**Figure 27: Median Salaries by Sector (2015)**





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