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**Graduate Labour Market Statistics:**

**July-September Q3 2014**

***Key Figures*** *(for England only)****:***

* **Graduates and postgraduates enjoy significantly better employment outcomes than non-graduates, with employment rates for all groups higher this quarter compared to this time last year.**
* **On average, among the working age population graduates earned £9,000 more per year than non-graduates, with median graduate salaries of £31,000 reported in Q3 2014.**
* **Postgraduates across the working age population earn an additional £9,000 per year compared to graduates, averaging annual earnings of £40,000 per year.**

This is the first release of *Graduate Labour Market Statistics (GLMS)*, a quarterly publication on labour market conditions for English domiciled graduates and postgraduates relative to non–graduates. This report covers July-September (Q3) 2014 using data from the Labour Force Survey.

For the purposes of this note, *graduates* refers to people whose highest qualification is an undergraduate degree at bachelors level, *postgraduates* are those who hold a Masters or PhD as their highest qualification, and *non-graduates* those whose highest qualification is below undergraduate level (i.e. NQF Level 5 or below).[[1]](#endnote-1)

It should be noted that quarter-on-quarter (Q/Q) changes can be small and reactive to seasonal variation—particularly from Q2 to Q3, when most new graduates enter the labour force. Year-on-year (Y/Y) changes provide a clearer indication of overall trends. See Tables 1.1 and 1.2 for current figures and Y/Y and Q/Q changes.

1. **Economic Activity across the Working Age Population (16-64 years old)**

Graduates and postgraduates have significantly better employment outcomes than non-graduates. Among the working-age population 87% of graduates and postgraduates are in employment, compared to 70% of non-graduates. The Q3 employment rate for all graduates is now higher than it was before the 2008 recession.

Compared with Q3 last year, employment rates for all groups are up between one and four percentage points, with young graduates seeing the largest Y/Y increase of 3.7 percentage points.[[2]](#endnote-2)

Graduates are also more likely to be working in *high skill* (or *graduate*) jobs.[[3]](#endnote-3) 78% of all postgraduates and 68% of graduates were working in high skill employment in Q3 2014, compared to 22% of non-graduates.

Unemployment rates among the working age population stand at 2.5%, 3.5%, and 7.4% for postgraduates, graduates and non-graduates respectively.

1. **Economic Activity across the Young Population (21-30 years old)**

Among the young population 85% of postgraduates and 87% of graduates are in employment, compared to 71% of non-graduates. High skill employment rates stand at 72% and 58% for all young postgraduates and graduates respectively, and 17% for non-graduates.

Unemployment rates for young individuals are higher than for the working-age population at 4.7%, 5.7%, and 9.8% for postgraduates, graduates and non-graduates respectively.

Figure 1. Economic Activity by Qualification and Age Group, Q3 2014



Although there has been deterioration in graduate and postgraduate employment figures (see Tables 1.1 and 1.2) from Q2 to Q3, this appears to be broadly the result of the usual Q3 influx of new graduates who completed their studies over the summer period. These new graduates often have limited work experience and may initially experience unemployment or command lower wages, reducing Q3 employment and earnings outcomes across all graduate and postgraduate populations.

It should be noted that employment rates include economically inactive individuals. Thus the employment figures for graduates and non-graduates will include people studying for other (typically higher level) qualifications, who are less likely to be employed. This lowers the average employment rate for these groups—particularly for the young non-graduate population, as individuals studying for undergraduate degrees will be classified in this group.

1. **Annual Earnings across the Working Age Population (ages 16-64)**

Graduates and postgraduates enjoy large earnings premiums compared to non-graduates. At £31,000 the median gross annual earnings of full-time employed, working-age graduates stand £9,000 above those of individuals without a degree. Full-time employed, working-age postgraduates earn an additional premium, with median gross annual earnings of £40,000 (see Tables 1.1 and 1.2).

Trends in annual earnings across the working age population have been mixed. This quarter’s data showed a year-on-year decline of £1,000 for graduates and zero nominal earnings growth for non-graduates, while postgraduates saw a £1,500 increase in annual earnings compared to this time last year.

1. **Annual Earnings across the Young Population (ages 21-30)**

Young graduates earn £6,000 more than their non-graduate peers, with gross annual earnings of £24,500 and £18,500 respectively. This is a smaller premium than exists in the working-age population, likely due to the relative inexperience of young graduates. Likewise, at £28,000 per year young postgraduates also see a smaller earnings benefit over young graduates than among the working-age population, but this is unsurprising as their additional years of study mean they’ve had even less time to gain work experience.

Across the young population, this quarter’s data shows positive year-on-year trends in nominal earnings. Compared to Q3 2013, annual earnings are up £1,500 and £1,000 for young graduates and young postgraduates respectively, while those for young non-graduates are also up £1,000.

Figure 2. Median Gross Annual Earnings by Qualification Level and Age, Q3 2014



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1. For a more detailed explanation of the qualifications included in each definition, please see the Methodology Note published alongside this publication on the gov.uk website. [↑](#endnote-ref-1)
2. The term percentage point refers to an absolute value rather than a proportion of the original value. E.g. Growth in graduate employment from 87% to 88% would be a one percentage point increase. [↑](#endnote-ref-2)
3. High Skills jobs fall into categories 1-3 of the Standard Occupation Classification. For more information see the GLMS Methodology Note. [↑](#endnote-ref-3)