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Graduate Recruitment and Selection Evidence Report

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Understanding employers' graduate recruitment and selection practices – Evidence report

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1 Introducing the Evidence Report

The Institute for Employment Studies (IES) and the Higher Education Careers Services Unit (HECSU) were commissioned by the Department for Business, Innovation and Skills (BIS) to provide evidence on the approach to graduate recruitment undertaken by employers and how this has evolved in recent years. The research is set within the context of numbers of individuals graduating from UK Higher Education Institutions (HEIs) increasing to record levels, and the diversity of students and Higher Education (HE) pathways continuing to expand; whilst at the same time the country begins to emerge from difficult economic conditions, and companies continue to face skills shortages.

The research combined both qualitative and quantitative elements and primary and secondary research, and had three key phases of activity:

- The **set-up phase** which involved: a) a review of relevant literature; b) initial scoping analysis of potential national level data on employers and graduates and compilation of relevant published statistics; and c) interviews with sector stakeholders (including Heads of Careers Services in a number of Higher Education Institutions) to gain their perspectives on employer behaviours and the employer/university relationship in supporting effective graduate recruitment.

- The **data analysis phase** which involved further analysis of secondary data sources on (graduate) employer skills needs and recruitment practices and on individual graduate job seeking and employment outcomes.

- The **fieldwork phase** which involved in-depth telephone interviews with a large number of graduate employers across different sectors, geographies within England, and of different sizes. These interviews:

    - explored experiences and history of graduate recruitment;

    - gained insights into their recruitment and selection behaviour, including whether (how and why) this has changed over time;

    - probed into the rationale for the approaches taken, the motivations, drivers and factors influencing choice of recruitment and selection methods;

    - examined the successes achieved and/or challenges faced in recruitment and selection; and

    - captured insights into the outcomes (intended and unintended) of different approaches.

    The interviews took a broader approach than merely capturing a snap-shot of recruitment needs and processes: they explored the dynamism and diversity of practice, and the rationale for and outcomes of graduate recruitment activity.

1.1 Structure and content

This **evidence report** presents detailed findings from the desk-based research activity conducted during the set-up and data analysis phase. It therefore acts as a reference or supplement to the main report which sets out key findings from all phases. The evidence report follows a similar structure the main report for ease of read-across. The chapters are therefore as follows:

- Patterns in graduate recruitment (Chapter 2)
- Employer demand for graduates (Chapter 3)
- Recruitment – reaching out to graduates and students (Chapter 4)
- Employer engagement with universities in recruitment (Chapter 5)
- Selection (Chapter 6)
- The role of work experience (Chapter 7)
- Diversity and social mobility (Chapter 8)

The report provides the full analysis of the literature reviewed for the research and full analysis and related commentary of the data examined. In each chapter the evidence from the literature is presented first, followed by the evidence from the analysis of secondary data. A full bibliography of the material reviewed is provided at the end of the report, along with additional tables used to provide statistics quoted in the chapter commentaries (Appendix 1). In addition, the Standard Occupational Classification is provided to help with data interpretation (Appendix 2).

1.2 Further methodological detail

1.2.1 Approach to the literature review

We developed a search process to identify the potential set of papers/materials; undertook an initial sift to assess relevance to the research questions; and then reviewed the most relevant materials. Our search for literature focused on: graduate recruitment trends, strategies, and practices (employer behaviour); the process of graduate recruitment and selection and the factors influencing decisions and behaviours (models); and university/business engagement to support recruitment and meeting business skills needs. We also looked for evidence of equality and diversity concerns addressed in recruitment, particularly in terms of social class (social mobility and social inclusion considerations) and how social class is variously defined. The search and review process continued throughout the life of the research project (from December 2013 to September 2014) to capture new research as it was published and to benefit from the referrals of interviewees.

Key locations for our literature search included government departments, higher education sector bodies and professional bodies, research institutes and academic departments, and academic journals (accessed via web of knowledge and other education research focused

databases such as ERIC, HEDBIB, HEER, and BEI). We therefore captured academic research, policy-based research, commercial research and wider commentary.

1.2.2 Our approach to the data analysis

The aim of the secondary data analysis was to provide evidence on employer graduate recruitment practices, processes and patterns emerging from available quantitative data; to not only compile published statistics but also to undertake rigorous and reliable further analysis of national data to explore patterns over time and the drivers/factors influencing behaviours/outcomes (including the role of socio-economic background).

We undertook a scoping exercise to identify relevant existing data sources that would provide evidence from an individual (graduate employee) perspective focusing on datasets that captured the work/employment outcomes of new graduates; and also from an employer perspective focusing on datasets that captured the needs, perspectives and actions of graduate recruiters. A number of datasets were identified including: a) national datasets from regular surveys of graduates, employers and/or employees; b) management information from graduate recruitment databases; and c) and one-off research datasets. These were assessed for their suitability in terms of: the population covered, the sampling and data capture methodology utilised, the timing and timeliness of the data release, and usefulness of the variables available.

The datasets analysed

Employer surveys

These sources were used to explore which employer characteristics are associated with different recruitment activities.

- **Employer Skills Survey (UKCESS):** This source is owned by the UK Commission for Employment and Skills (UKCES). The survey is conducted every two years, has a sample size of approximately 70,000 UK establishments of all sizes (excluding sole traders), and is weighted so as to be representative of all UK establishments. It looks at employers' recruitment and training practices and their skills deficits. It is accessed free of charge with permission from UK Commission for Employment and Skills. The survey includes a question about recruiting individuals directly from higher education in last 12 months; with follow-up questions probing on perceptions about work-readiness of graduates (how well prepared they were for the job, and what were their deficiencies). The survey captures a great deal of information about employer/organisation characteristics 'firmographics'; but does not capture information about the type of graduate recruited. The most recent survey datasets available for analysis were for 2011 and 2013, although some headline figures are taken from the 2007 and 2009 surveys as well.

- **Employer Perspectives Survey (UKCEPS):** This source is also owned by UK Commission for Employment and Skills. It is conducted every two years (in alternate years to the Employer Skills Survey), and has a sample size of approximately 15,000 UK establishments with two or more people working in them, and is weighted so as to be representative of all UK establishments. It is accessed free of charge with permission from UK Commission for Employment and Skills. The survey has a general question about recruitment (not specifically about recruiting graduates) but

captures more detailed information about recruitment processes/methods than the Employer Skills Survey. The most recent survey data available was for 2012[1] and this included questions on the use of work placements and interaction with higher education institutions. The survey dataset from 2010 data was also available but had few variables of interest.

- **Association of Graduate Recruiters (AGR) employer survey**: This source is owned by the Association of Graduate Recruiters. It is an online survey of all Association of Graduate Recruiters member organisations (all graduate recruiters); is conducted twice yearly (summer and winter) and achieves responses of approximately 200 employers in each wave. The survey captures employer characteristics, vacancy characteristics, and recruitment activities (marketing activities, targeting of universities and the reasons for doing so); as well as challenges in meeting recruitment targets and use of financial incentives/education premiums to attract graduates with specific qualifications or work experience. Results of the surveys are published by the Association of Graduate Recruiters and were made available to the research team. In addition a number of frequency tables and cross-tabulations covering several years of data were provided to the research team – these tables do not appear in the published reports.

Individual (employee, graduate) surveys

These sources were used to explore which graduate characteristics (personal and educational background) are associated with different employment outcomes and employers.

- **Labour Force Survey (LFS):** This is a survey of individuals and households in the UK and is owned by the Office for National Statistics (ONS). It is conducted quarterly with a rolling panel of approximately 41,000 households, and each household is surveyed for five successive waves before they are replaced. It provides weighted estimates for the entire population, aged 16 years and over. It covers a range of topics including education, employment and training and captures details such as occupation and hours of work along with personal and household characteristics. Data can be accessed free of charge from the UK Data Archive. It is possible to identify new graduates (eg those obtaining an undergraduate qualification within the previous 12 months), their background including their social class, and to examine their employment outcomes.

- **Destinations of Leavers from Higher Education (DLHE)**: This source is owned by the Higher Education Statistics Agency (HESA). The Destinations of Leavers from Higher Education survey takes place annually (but with two survey points depending

[1] Since the main report activity has been completed a new wave of the survey has been released in November 2014, involving more than 18,000 establishments across the UK (excluding sole-traders): https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/373769/14.11.11._EPS_2014_-_Main_Report_full_V2.pdf. It was not possible to replicate the bespoke analysis with the 2014 data within the timeframe for reporting but where appropriate aggregate estimates have been used to update relevant figures in the main report only.

on graduation date) and is a census of all qualifiers from UK higher education institutions, providing a snapshot of activity six months after leaving university. It includes those who studied full-time and part-time and at undergraduate or postgraduate level. HESA publish an annual set of standard tables but additional ad-hoc datasets can also be obtained (linking Destinations of Leavers from Higher Education records to student records and, for full-time undergraduates, to UCAS data which will provide additional background information such as social class data). The research team analysed data from the academic year 2006/07 to 2010/11 to explore trends over this period. We did not explore the latest data (2011/12) due to a change in methodology. Note for some analysis we did not use 2006/07 due to the adoption of a new classification for industry (SIC).

- **Futuretrack data.** Data from this four-stage longitudinal study is owned by the Higher Education Careers Services Unit. It tracks applicants to higher education using the University and Colleges Admissions Service (UCAS) for entry in 2005/06. The survey explores the relationship between higher education, career decision-making and labour market trends; and covers student career decision-making, early career employment, and methods of job-seeking. As such it can be analysed to establish patterns of labour market entry for particular socio-economic groups and for graduates from particular types of universities and with different study outcomes. Stage 3 captures experiences soon after graduation and Stage 4 captures experiences between 18 and 30 months after graduation. Stage 4 provides at least 10,000 cases for analysis with larger achieved samples for earlier stages.

Management information

This source was used to explore the relationship between the characteristics of vacancies, the graduates sought, and the employers who placed them.

- **Graduate Recruitment Bureau** is a specialist graduate and student recruitment service connecting graduates with graduate recruiters across the UK. They have a sophisticated database that captures details of the employers they work with and the vacancies placed with them; and of the students and graduates registered with them including details of successful placements. Graduate Recruitment Bureau provided data for a random sample of around 1,500 vacancies into which candidates were successfully placed, over the period 2007 to 2013.

2 Patterns in graduate recruitment

This chapter reports the existing evidence on the patterns of graduate recruitment and graduate destinations, in particular investigating: what kinds of jobs graduates do; and where graduates work, in terms of sectors, regions and sizes of employers. The chapter therefore also looks at who the graduate recruiters are and how the nature and level of their demand for graduates has changed in recent years moving into and out of recession.

The chapter first presents the evidence from the literature, before investigating what information existing data sources can provide to examine these topics. The data sources used in this chapter are:

- Destinations of Leavers from Higher Education surveys for 2006/07 to 2010/11
- The 2013 UK Commission for Employment and Skills Employer Skills Survey (ESS), and comparisons with earlier years (2011, 2009 and 2007)
- The 2012 UK Commission for Employment and Skills Employer Perspectives Survey (EPS)
- Association of Graduate Recruiters Winter surveys for 2010 to 2013

2.1 Evidence from the literature

2.1.1 1990s and 2000s

In the context of the first wave of expansion of higher education in the 1990s, a large body of literature developed which focused on mapping the occupational destinations and career trajectories of new graduates. This literature largely sought to address the main puzzle that emerged on the policy agenda as a consequence of the process of higher education 'massification' and expansion, which referred to the question of graduate employability, over-supply and over-education of graduates in the labour market and the related issues of graduate under-employment and skills under-utilisation on part of employers (cf. Mason, 1996; Connor and Pollard, 1996; Connor et al, 1997; Belfield et al, 1997; Nove et al, 1997; Alpin et al, 1998; Battu et al, 2000). The concerns regarding the employability of post-expansion graduates related to both supply and demand factors. On the supply side, the concerns related to the fact that post-expansion graduates were thought to have lower human capital than pre-expansion ones, due to the potentially declining quality of education provision in the context of expansion, and skills sets that may not match the needs and demands of employers. On the demand side, pressing concerns emerged about declining employers' demands for graduates and declining capacity of absorption for the increased supply – thus leading to high incidence of over-education and skills under-utilisation.

Despite finding some evidence of graduate over-education and under-employment (cf. Battu et al, 2000), most studies from this period found that in many cases the general picture in relation to skills utilisation of the new cohort of graduates who had entered higher education in the 1990s as opposed to earlier cohorts was, overall, one of continuity

rather than change (cf. Belfield et al, 1997; Brennan, 1999; Teichler, 2000). This suggests that the parallel trends of graduate over-education and skills under-utilisation, despite being present, were not up to the late 1990s a structural characteristic of the UK graduate labour market.

Mason (2002) revisited the issue of graduate skills' utilisation in the British labour market in the early 2000s. At a macro-level, the increase in the supply of graduates entering the labour market was found to be matched throughout the 1990s by a process of substitution of graduates for non-graduates in many occupational areas. This was driven both by employers' demand for increased levels of skills and knowledge, but also by changing recruitment patterns in response to the increasing numbers of graduates applying for previously non-graduate jobs. Whilst to some extent this was accompanied by a process of 'job upgrading' of previously non-graduate jobs, the phenomenon of graduates in non-graduate occupations – and thus of graduate under-employment – appeared to be on the rise, especially in the service industry, as the absorption capacity for the increased pool of new graduates in many service sector enterprises was reaching its limits (Mason, 2002; Blenkinsopp and Scurry, 2006; Scurry and Blenkinsopp, 2010).

Purcell and Elias (2004) investigated the occupational destinations of graduates in the UK labour market first in their Seven Years On study, which analysed the careers' trajectories of 4,500 graduates who gained their first degree in 1995 seven years later from a cross-section of institutions (both traditional and new universities). A key concern of this study was to investigate the issue of graduate under-employment, or of whether graduates had progressed or not into 'graduate occupations' following graduation. In this respect, Seven Years On found that for the cohort of graduates of 1995, there was no compelling evidence to suggest that under-employment, under-utilisation and over-supply of graduates were pressing issues, as the vast majority of respondents were in employment considered 'appropriate' for their skills and qualifications, and thought they were making use of the skills they had developed on their degree courses.

To support their analysis of trends in graduate destinations, the authors developed a new aggregate classification of occupations – SOC(HE) – which categorised the occupations listed in SOC2000 distinguishing between non-graduate employment (ie occupations that do not require the exercise of degree level skills and knowledge) and four categories of graduate employment: 'traditional', 'modern', 'new' and 'niche' graduate occupations (cf. Purcell and Elias, 2004, p. 7). Graduate occupations are those that provide scope for the utilisation of high degree-level skills and are distinguished on the basis of the 'access' route to these occupations and on whether having a degree was a long-established or relatively new entry requirement for the occupations in question (for more details, see Elias and Purcell, 2004b). The study found that the proportion of graduates in 'non-graduate occupations' decreased considerably with the passage of time from graduation, from 43% in July 1995 to 11% in December 2002, and that the proportion of the 1995 sample remaining in non-graduate occupations seven years after graduation was virtually the same as for earlier cohorts of graduates analysed (1980 and 1992). At the same time however the findings showed that early occupational destinations are not necessarily a reliable indicator of the longer-term trajectory of graduate careers, and that graduates can take up to five years to settle into their careers, often following further study or changes in careers path.

A study on a successive cohort of graduates, The class of ’99 by Purcell et al (2005) followed up individuals who had graduated in 1999 four years after graduation, in Spring 2003. The survey found that nearly all the graduates were in employment and that the majority of respondents appeared to be in ‘appropriate’, graduate jobs, ie concentrated in the top 3 occupational categories of SOC2000 (managers and senior officials, professionals or associate professional and technical job holders) and in the ‘graduate’ occupations of the SOC(HE) classification mentioned above. In comparison to the 1995 cohort, graduates of the 1999 cohort were found to be less likely to have moved into traditional graduate jobs, and more likely to be working in non-graduate jobs or in so-called ‘new graduate occupations’, ie jobs which might not have traditionally required a degree but that had been ‘upgraded’ due to recent changes in technology or work organisation. Almost half of the graduates who were employed immediately following their studies worked in non-graduate occupations, but this proportion fell to 15% of graduates four years after graduation. Interestingly, an increasing proportion of individuals classified as being in non-graduate employment reported that they were required to use their degree skills and knowledge in their job. This, coupled with the growth of ‘new’ graduate occupations, suggests that, since the early 2000s, the occupational destinations of graduates have increasingly diversified, and that the distinctions between traditional graduate and non-graduate jobs have blurred over time. This may, in turn, reflect a process of change in skills and knowledge requirements in some occupations, increasing diversity in the patterns of occupational access and, indeed, changes in the recruitment practices of employers, with a pool of ‘new’ employers of graduates starting to source human resources from the graduate labour market for the first time.

Chevalier and Lindley (2009) used the same data from Purcell and Elias (2004) for their analysis of graduate over-education whilst adopting an alternative measure of over-education, and reached a similar conclusion: following the expansion of higher education, the majority of new graduates were found to have been absorbed in the labour market, although the boundaries between ‘traditional’ graduate and non-graduate employment were now much more blurred. They also found however compelling evidence of growing graduate over-education – as around 11-15% of new graduates were found to be in jobs that did not require graduate skills, and that these individuals did not derive any financial benefit from their higher education experience.

2.1.2 Current trends in graduate destinations

The literature reviewed above shows a trend of slowly growing graduate over-education from the early 2000s onwards, accompanied by an increased diversification of the occupational destination of graduates. Moving on to the second half of the 2000s and onwards, the literature highlights rather dramatic changes in the patterns of graduate destinations in the UK labour market – in particular since the onset of the recession, from 2008 onwards. The findings from Futuretrack stage 4 (Purcell et al, 2013), a longitudinal large-scale study following individuals who applied in 2005/06 for a full time place in a UK higher education institution to commence in September 2006, provide some interesting and methodologically robust insights in how occupational destinations and patterns of graduate employment have evolved over time. Looking at the occupational destinations of individuals who started university in 2006, Purcell et al (2013) found that the graduates in this cohort faced a much tougher labour market than the cohorts followed in Seven Years On and in the Class of ’99, in terms of higher rates of graduate unemployment, higher proportions of graduates in non-graduate employment and lower rates of career

progression for graduates. The study also emphasised how labour market opportunities appeared to still be allocated not only on the basis of 'objective' factors (such as class of degree or discipline studied) but also on the basis of non-merit based factors (category of university, age, parental education and ethnic background) – a theme that will be further explored later in this literature review.

In addition to the large-scale surveys of graduates reviewed above, information on the current labour market destinations of recent university graduates can be derived from official government statistics – such as those collected by HESA through the Destinations of Leavers from Higher Education survey or Labour Force Survey data collected by the Office for National Statistics. Additionally, the Higher Education Careers Services Unit compiles a report every year on graduate destinations six months after leaving university, 'What do graduates do?', based on Destinations of Leavers from Higher Education data. Surveys of large employers of graduates, such as the annual Association of Graduate Recruiters' employers survey, provide some useful insights into trends in graduate recruitment, earnings and utilisation of graduates in different sectors. There are, however, limitations associated with these sources of evidence: indeed, statistics about graduates' first destinations are a poor indicator of long term employment outcomes whilst surveys of employers such as the Association of Graduate Recruiters' employers survey are restricted to a rather limited range of 'traditional' graduate employers, which are usually large organisations.

What the various sources of evidence seem to point to is that graduates are (still) mainly concentrated in large organisations, which employ approximately two thirds of recent graduates (Purcell et al, 2013). Whilst it is difficult to determine with precision the share of graduates who are employed in small and medium-sized enterprises (SMEs), the literature (Hart and Barratt, 2009; Sear et al, 2012) points clearly to the fact that graduates are still under-represented in small and medium-sized enterprises, especially in small and micro-enterprises, although the share of graduates recruited by small businesses appears to be on the increase in recent years (Phillips and Donnelly, 2013).

In terms of sectoral distribution, Purcell et al (2013) found that 58% of the Futuretrack Stage 4 graduates worked in the private sector; similar figures are reported by the Office for National Statistics (June 2013) on the basis of the 2013 Labour Force Survey. Despite being mainly concentrated in the private sector, however, graduates are still over-represented in the public sector, with 41% of employed graduates working in public administration, education and the health industry compared to only 22% of non-graduates (ONS, 2013).

Whilst graduates were found to be more likely to work in high skilled posts than non-graduates, almost half of recent graduates in 2013 were working in a 'non-graduate role; (as defined by Elias and Purcell, 2004b), and one third in a low skilled role (ONS, 2013). In line with the findings highlighted above, the share of recent graduates in non-graduate occupations was found to have risen from 37% in 2001 to 47% in 2013, probably due to the impact of the recession and the negative labour market outlook of recent years which has greatly limited the recruitment capacities of traditional employers of graduates. Purcell et al (2013) found evidence of increasing employment precariety amongst graduates, as only two thirds of them had a permanent or open ended contract, whilst 20% and 8% respectively were in fixed term and casual employment.

A recent report by the Higher Education Funding Council for England (HEFCE, 2013), based on analysis of administrative HESA data for five successive cohorts of students starting higher education between 2002/03 and 2006/07, similarly found that, over the years, there had been an increase in the percentage of graduates who, despite achieving a degree, were unemployed six months after graduation. The increase in the percentage of unemployed graduates, from 4.4% to 5.8% of the starting cohort, was particularly noticeable between the cohort starting in 2004/05, which graduated in 2007, and the 2005/06 cohort, which graduated in 2008 at the beginning of the recession. This trend was accompanied by an overall decrease over the time period considered in the percentage of the cohort who progressed into 'graduate' employment after graduation, from 27.4% of the 2002/03 starting cohort to 25.7% for the 2006/07 starting cohort.

The picture that emerges overall is therefore one of a tough labour market for what concerns the occupational destinations and employment prospects of recent graduates, which have consistently worsened throughout the 2000s and especially in the post-recession years. This trend is found not only in relation to occupational destinations of graduates, but also to their earnings. Indeed, recent research about the trends in the earnings' premium attached to a degree for graduates, which is generally considered as an indicator of higher education productivity and of the value placed by society on the skills and jobs held by graduates, also finds that this has been declining slowly but steadily since the late 1990s. This is due to the increase in the number of highly qualified graduates entering the labour market each year in the context of higher education 'massification' not being matched by an expansion of demand for their skills by employers (cf. Purcell et al, 2005; Walker and Zhu, 2005; Purcell et al, 2013), and to the adversity of the UK economic situation more broadly.

Deep differences in the earnings' premium for graduates however exist, mainly on the basis of degree subject (Bratti and Mancini, 2003; Bratti et al, 2005; Walker and Zhu, 2013) but also on the basis of institution attended. Indeed, Purcell et al (2013) find that, in a general scenario of decline in earnings for the Futuretrack graduates – who entered the labour market approximately in 2009/10 – in comparison to previous cohorts of graduates, the decline had been much steeper for graduates from 'low tariff access institution' – thus suggesting that the type of institution attended still matters in determining how graduates' skills are valued by employers. It is possible, however, that these slightly negative findings for what concerns economic returns to higher education may reflect short-term rather than longer-term, deep-seated trends. Indeed, considering outcomes in a longer time-frame, in their estimation of lifetime earnings differential for degree and non-degree holders, Walker and Zhu (2013) find that differences in the estimated graduates' lifetime earnings according to type of higher education institution attended are not significant when controlling for individuals' family and background characteristics. Very interestingly, Walker and Zhu (2013) also find that the lifetime earnings premium enjoyed by graduates is still very significant, and that no significant differences exist in this respect in the graduate earning differentials between graduates (with 2+ A levels and a degree) and non-graduates (with 2+ A levels and no degree) before and after the expansion of higher education in the 1980s and 1990s. This suggests that whilst the present labour market outlook for recent graduates may not be as positive as in the past, this is not necessarily indicative of an overall decline in the labour market value of higher education qualifications.

For what concerns quantitative trends in graduate recruitment, whilst no definite sources of data exist in this respect, the employers' survey conducted by-annually by the Association of Graduate Recruiters, focusing on large employers, show that, following a deep slump in the number of graduate-level vacancies in the 2009-2012 period, the number of graduate vacancies had been slowly rising again in 2013, although deep differences exist in this respect between sectors (cf. AGR 2013b; CIPD, 2013b).

Most recently, focusing on the top one hundred large employers in the graduate labour market, the recent Highfliers study 'The graduate market in 2014' found again an 8.7% rise in the number of available entry-level vacancies for graduates in 2014 in comparison to 2013 – bringing the levels of graduate recruitment for this year to its highest level since 2007 (Highfliers, 2014).

A recent Confederation of British Industry/Accenture survey of 325 employers (CBI/Accenture, 2013), also focused primarily on large organisations, and also highlighted a similar positive trend in the volume of graduate recruitment in comparison to previous years, with an overall balance of +20% in the number of surveyed organisations planning to increase their graduate recruitment during the next 12 months. The report points out how the improving job prospects for graduates as emerging from positive trends in available vacancies reflect not only growing confidence among firms in the prospects of post-recession recovery, but also a recognition of the need to cultivate and expand their future talent pool (CBI/Accenture, 2013, p.21).

2.1.3 Graduate recruitment to small and medium-sized enterprises

Traditionally, graduate recruitment in the UK was seen as being mainly the prerogative of a relatively small number of large organisations, as represented for example by the employers who are members of the Association of Graduate Recruiters (AGR), who have historically dominated the graduate recruitment market. From the late 1990s and early 2000s onwards, an increasing body of literature has however started engaging with the question of recruitment and utilisation of graduates by small and medium-sized enterprises, usually defined as companies employing less than 250 employees (Stewart and Knowles, 2000a, 2000b; Holden and Jameson, 2002; Bradley et al, 2006; Holden et al, 2007; Pittaway and Thedham, 2003; Westhead and Matlay, 2005; Martin and Chapman, 2006; Woods and Dennis, 2009; Hart and Barratt, 2009). The increased interest in the role of small and medium-sized enterprises as graduate recruiters fits with the trends discussed above regarding the diversification of the graduate labour market: indeed, as the barriers between traditional graduate and non-graduate jobs started to blur, small and medium-sized enterprises – in which, traditionally, graduates are under-represented in comparison to their share in large organisations and in the labour market as a whole – started to emerge as a new and increasingly important source of graduate recruitment.

In their recent report on graduate recruitment to small and medium-sized enterprises, Sear et al (2012) emphasise how determining the number of graduates currently employed in small and medium-sized enterprises is very difficult; however, the existing evidence seems to be unanimous in suggesting that graduates are still under-represented in these organisations. Recent research (Phillips and Donnelly, 2013) based on a survey of high growth-potential small businesses however showed evidence that graduate recruitment in certain kinds of small and medium-sized enterprises may be on the rise, especially as the recession stops to bite.

Given the historical under-representation of graduates in small and medium-sized enterprises, a theme that is particularly explored in the literature relates to the challenges that small businesses face in the recruitment of graduates. A key barrier that emerges from the literature relates to information failure: on one hand, graduates do not know about employment opportunities in small and medium-sized enterprises or do not consider them suitable options, given that the information they receive from universities' careers services or recruitment agencies is still often biased towards large employers (Stewart and Knowles, 2000a, 2000b; Bradley et al, 2006; Sear et al, 2012; Phillips and Donnelly, 2013). Small and medium-sized enterprises are also often perceived by graduates to not offer suitable opportunities for career progression or appropriate remuneration (Heaton et al, 2008)

On their part, small and medium-sized enterprises do not perceive the skills of graduates as being relevant to their activities, or perceive the costs associated with employing a graduate as too high – in terms of recruitment, associated salaries, and level of supervision that graduates are perceived to require (Sear et al, 2012). This was found to be particularly true for micro-enterprises (Stewart and Knowles, 2000a). Many small and medium-sized enterprises still struggle to see the added value of employing graduates, or perceive graduates as not sufficiently 'work ready' (CIB/UUK, 2009). In the literature, the issue of skills mis-match between the skills required by small and medium-sized enterprises and those developed by graduates through university also emerges: for example, some sector-focused studies which investigated the willingness of small and medium-sized enterprises to employ graduates (cf. Martin and Chapman, 2006 on small and medium-sized enterprises' attitudes towards the employment of marketing graduates and Pittaway and Thedham 2005 and Nolan et al, 2010 on small and medium-sized enterprises' perceptions of graduates' skills in the hospitality and tourism sector) emphasised how, amongst small and medium-sized enterprise employers, there was a general scepticism about the employability and work-readiness of graduates.

Another key barrier to graduate recruitment in small and medium-sized enterprises lies in the capacity and resources constraints faced by small and medium-sized enterprises, who often do not have the resources available to attract and recruit graduates through traditional recruitment techniques such as advertising or use of recruitment agencies and to support them in their early career stages (Bradley et al, 2006; Sear et al, 2012). The literature highlights that there is possibly a latent demand for graduates in small and medium-sized enterprises to fill skills gaps, but this is not realised due to lack of awareness about the potential contribution that graduates could make to the business and due to lack of resources to support the recruitment of graduates (Sear et al 2012).

Pittaway and Thedham (2005), in their survey of small and medium-sized enterprises in the tourism, hospitality and leisure sectors in Surrey, UK also found however that whilst micro-firms often believed that their businesses were not appropriate for graduate recruitment, these perceptions tended to change as the business grew; owner-managers with professional qualifications were also found to be more likely to recruit graduates. Sector and nature of business activity are also likely to influence small and medium-sized enterprises perceptions of the value of graduates. Mukhtar et al (1999) and Pittaway and Thedham (2005) highlight that uptake of graduates varies by sector or nature of business activity. Technology-based businesses, creative and cultural (eg digital media) and business services small and medium-sized enterprises were found to be considerably more likely to employ graduates than similarly sized organisations in other sectors.

Through a survey of 250 small businesses undertaken in 2013 in sectors such as advanced manufacturing, creative industries, life sciences, tourism, business and professional services, IT, science and research, a recent GTI/Step report (Phillips and Donnelly, 2013) found that 45% of small businesses with high growth potential had recruited at least one graduate in the previous year – suggesting that the recruitment of graduates was relatively common amongst small and medium-sized enterprises operating in high value added sectors.

Some fundamental differences seem to exist in the recruitment and selection processes adopted by small and medium-sized enterprises in comparison to larger organisations. It was already stressed that the R&S methods adopted by small and medium-sized enterprises were usually found to be less rigorous and formalised than in large organisations (cf. Stewart and Knowles, 2000b; Hogarth et al, 2007) – a rather unsurprising finding if one considers the differential in the amount of resources that large and small companies respectively can dedicate to their recruitment practices.

In terms of recruitment, it seems that small and medium-sized enterprises quite often recruit graduates in an incidental way or through informal networks – a practice that may lead to under-utilisation of the skills and attributes they possess (Sear et al 2012). For example, Kewin et al (2010) found that of the 11% of small and medium-sized enterprises surveyed who employed graduates, just under half (45%) did so because graduate level skills were required for the role. Thirty-eight per cent had actually recruited graduates unintentionally – thus suggesting that graduate recruitment to small and medium-sized enterprises is often incidental.

Whilst informal recruitment practices appeared to be favoured, the literature suggests that as an organisation grows, more formalised methods of recruitment become necessary, such as the use of recruitment agencies and portals, which may bring the small business in contact with graduates. Barrett et al (2007) cite a study by Kotey and Slade of 1,330 micro, small and medium−sized firms that found that as firms grew, their Human Resource Management practices became more standardised and the documentation practices grew. Although informal practices may be appropriate for small firms, these informal practices can be problematic in periods of growth (Sear et al, 2012). Stewart and Knowles (2000b) also point out that the relative lack of formalisation in the recruitment and selection practices of small and medium-sized enterprises may make them more vulnerable to bad practice and potential discrimination in their selection processes.

Sear et al (2012) found that the majority of companies recruited low numbers of graduates (one or two) at a time. Around half approached universities directly, whilst one third relied on ‘word of mouth’ or on their own website. Generalist or even specialist job boards were found to be less popular as a recruitment option. In terms of selection strategies, small and medium-sized enterprises were found to rely more heavily on interviews as the quickest and cheapest method of selection (Stewart and Knowles, 2000a; Connor et al, 2003). Most small and medium-sized enterprises made use of a person specification outlining key competences and skills sought in candidates, but the rigour of selection strategies adopted still seemed to vary deeply with size: whilst smaller companies rely heavily on intuitive judgements via the use of interviews, others also used aptitude and personality tests as a means of assessing skills and qualities within the selection processes (Stewart and Knowles 2000b). Small and medium-sized enterprises however less frequently made use of assessment centres type exercises as were used by the large organisations.

Stewart and Knowles (2000a, 2000b) found that the skills sought in graduates by small and medium-sized enterprises were similar in many respects to those sought by large employers. A great focus seems to be placed on 'transferable' skills – such as verbal and written communication skills, team working capacities and ability to learn and adapt quickly. The literature suggests however that small and medium-sized enterprises place more emphasis on the capacity of applicants to 'fit' within the organisation – thus prioritising capacity for adaptation and teamwork – and less on leadership (Stewart and Knowles, 2000a; Bradley et al, 2006; Sear et al, 2012). Greater expectations seem to be present in small and medium-sized enterprises about graduates being able to perform and contribute immediately to the functioning of the organisation (Stewart and Knowles, 2000a; Pittaway and Thedham 2005). The perceptions by graduate employers of the value added by graduates to small and medium-sized enterprises' operations was found to lie mainly in their capacity to contribute to the company with fresh ideas and imagination, in their well-developed management potential and in their capacity for flexibility and quick learning, whilst there was widespread belief that other, more 'technical' skills could be taught on the job in the vast majority of cases (Phillips and Donnelly, 2013).

The under-representation of graduates in small and medium-sized enterprises seems therefore to derive from information barriers and lack of connections, more than from objective skills mis-matches. Engagement of small and medium-sized enterprises with higher education institutions, especially at the local regional or city level, emerges from the literature as a positive strategy to 'bridge the gap' between these enterprises and the graduate talent pool, meeting the needs of both students and companies by offering work experience or placements to students in local higher education institutions and using this as a first tool for selection and recruitment of future employees (Heaton et al, 2008). Links with universities however still appeared to be limited, and two thirds of the employers surveyed by GTI/Step in 2013 found it challenging to recruit graduates from universities and would value closer contact with their local universities.

Internships were found to be increasingly important as a mechanism for small businesses to assess the potential of individuals as future recruits – 42% of small businesses surveyed by GTI/Step (Phillips and Donnelly, 2013) had taken on one or more interns in the previous year and 72% intended to take on more. Offering placements – usually through agencies or structured internship programmes – was also seen as a way to attract high-calibre graduates in industries/ career paths that they might not have normally considered. These findings are mirrored in research by Heaton et al (2008).

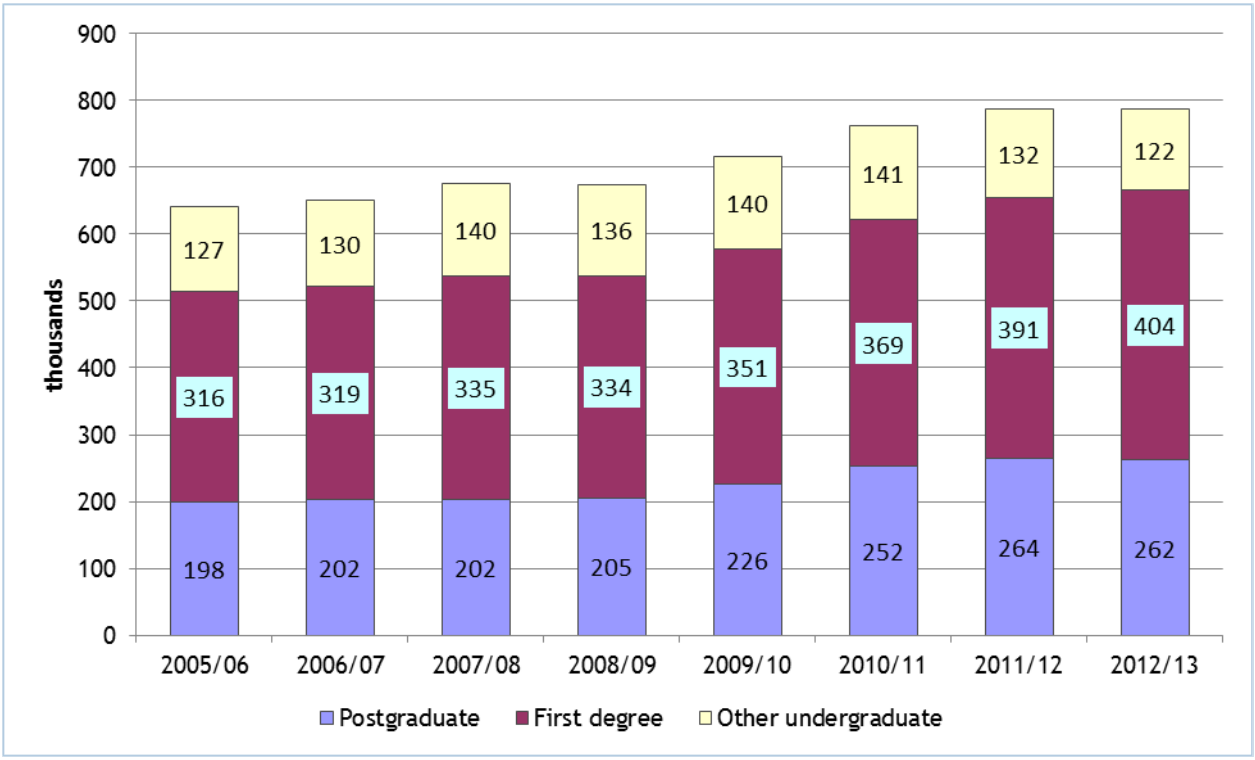
2.2 Evidence from secondary data sources

This section presents the available evidence from secondary data sources that shed light on graduate recruitment patterns.

The pipeline feeding the graduate labour market has been expanding over time, with each new year bringing in more newly qualified individuals. Looking over the last eight years' worth of data, and using qualifications obtained as a proxy, the pool of newly qualified graduates has expanded by almost a quarter (23%), reaching almost 788,000 in 2012/13. Indeed, for the last four years, over 700,000 new graduates have been leaving their universities and colleges looking for jobs. Within this pool, the yearly flow of new postgraduates expanded by one third (32%) and first degree graduates by more than a quarter (28%), but other undergraduate qualifiers fell slightly (by 4%). Focusing on UK

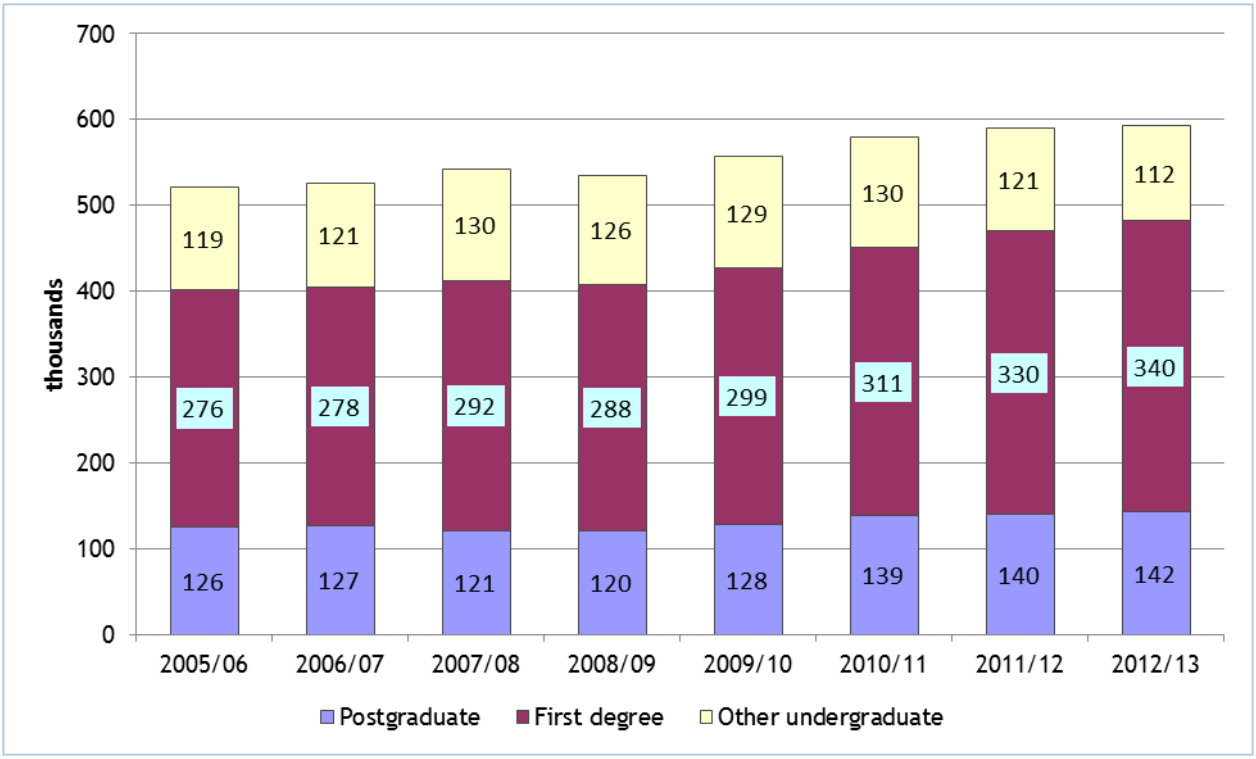
domiciled graduates only, who accounted for approximately three quarters of all qualifiers, the expansion over time was less dramatic. The yearly flow of all UK qualifiers expanded by 14%: postgraduates by 3%, first degree graduates by 23%, and other undergraduates falling by 6% (see Figures 2.1 and 2.2).

Figure 2.1: Higher education qualifications obtained from publicly funded UK institutions – all domiciles by year of graduation



Source: Students in Higher Education Institutions, HESA

Figure 2.2: Higher education qualifications obtained from publicly funded UK institutions – UK domicile only by year of graduation



Source: Students in Higher Education Institutions, HESA

2.2.1 Basic demographic data of UK domiciled first degree graduates

This section examines five years of graduate first destination data, from 2006/07, before the global recession began, to 2010/11, before the current recovery had begun. All data came from the HESA Destinations of Leavers of Higher Education surveys, and examined UK-domiciled first degree graduates. We did not examine 2011/12 data in this section as the Destinations of Leavers from Higher Education underwent large revisions, particularly to occupational data, and as a result is not comparable with previous years.

Gender and ethnicity

Women made up the majority of first degree graduates, and the recession saw little change in the balance between men and women receiving first degree (Table 2.1).

Most UK domiciled graduates are white. The Destinations of Leavers from Higher Education data show that there was a reduction in the proportion of graduates from minority ethnic backgrounds between 2006/07 and 2007/08, and although the proportion of minority ethnic graduates increased since then, it had not returned to previous levels by 2010/11 (Table 2.1).

Table 2.1: Percentage of UK-domiciled first degree graduates by gender and ethnicity (column %)

	2006/07	2007/08	2008/09	2009/10	2010/11
Female	57.7	58.1	57.6	57.7	57.7
Male	42.3	41.9	42.4	42.3	42.3
White	77.6	80.0	79.4	79.1	79.2
BME	18.3	16.2	17.2	17.8	18.0

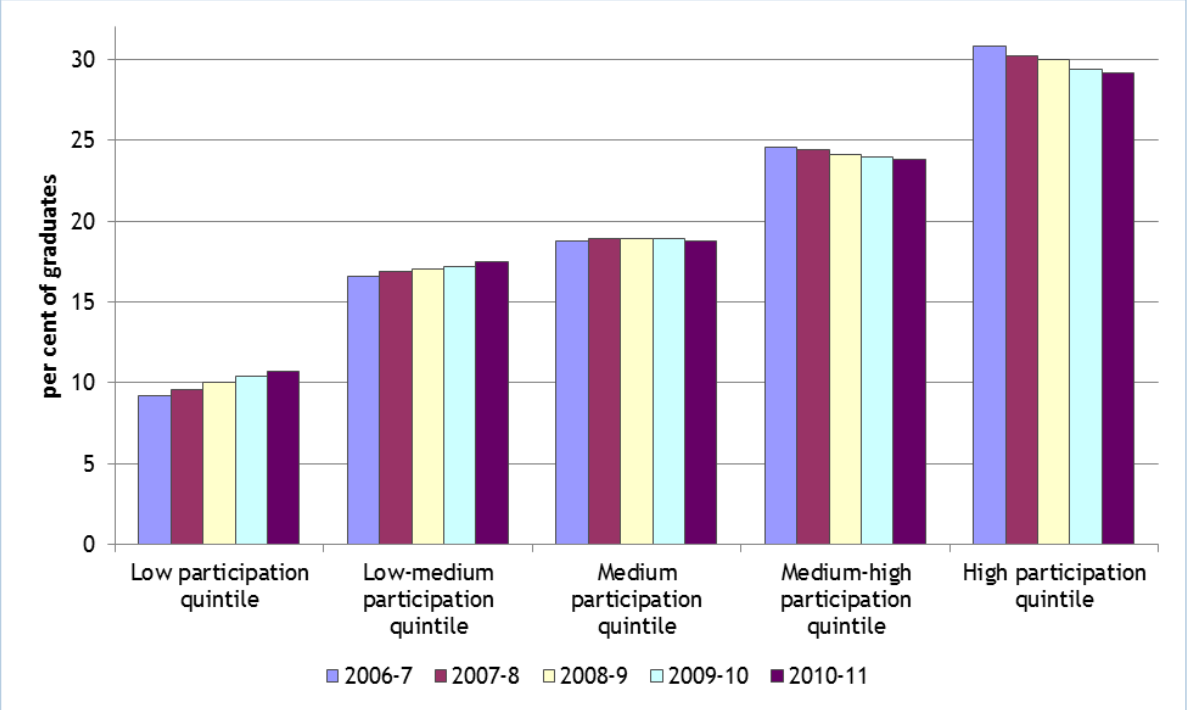
Source: Destinations of Leavers from Higher Education 2006/07 to 2010/11

Participation and institution

POLAR (Participation of Local Areas) is a classification system for small areas of the UK examining the participation of young people in higher education. This section uses the POLAR2 classification published by the Higher Education Funding Council for England in 2007[1], and is used to examine trends in degree awards by the level of participation in higher education of the graduates' home domicile.

Graduates are more likely to come from areas where higher education participation is high, but the data suggest that efforts to increase the proportion of young people in higher education from lower participation areas has been successful to some extent (Figure 2.3).

Figure 2.3: Social background of UK-domiciled first degree graduates



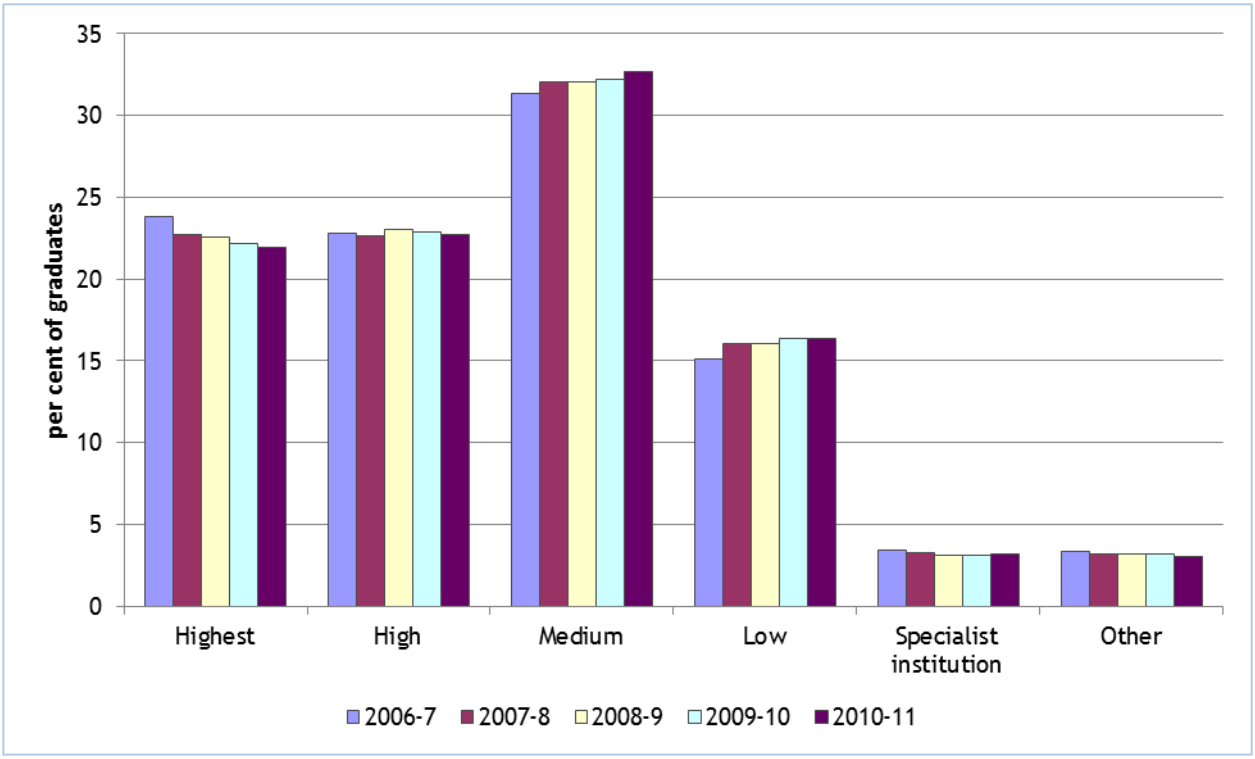
Source: Destinations of Leavers from Higher Education 2006/07 to 2010/11

[1] http://webarchive.nationalarchives.gov.uk/20120118171947/http://www.hefce.ac.uk/widen/polar/polar2/

As part of the Higher Education Careers Services Unit-funded longitudinal study of graduate career decision-making, Futuretrack, the Institute of Employment Research (IER) developed a typography of UK higher education institutes based on their entry requirements (Purcell et al, 2009).

The proportion of graduates attending institutions with the highest entry requirements fell with the recession, and more graduates received degrees from institutions with lower tariffs (Figure 2.4). It remains to be seen if this trend will continue.

Figure 2.4: Institutional tariff group of UK-domiciled first degree graduates



Source: Destinations of Leavers from Higher Education 2006/07 to 2010/11

The proportion of UK graduates who attended a Scottish institution fell sharply over the five year time period under consideration, but with the exception of modest increases in the north-west and south-west (the latter at the start of the recession), there was little significant change elsewhere in the UK.

Subject groups of UK domiciled first degree graduates

This section examines the pattern of degree awards by broad subject group between 2006/07 and 2010/11. The proportions of degrees awarded to subject groups did not change a great deal (Table 2.2). There was a modest fall in the proportion of degrees awarded to subjects allied to medicine, but because of an increase in overall graduate numbers, the number of graduates in these subjects actually increased across the time period examined.

The proportion of graduates awarded degrees in computer science subjects fell significantly. In total, 19% fewer degrees were awarded in computer science subjects in

2010/11 than in 2006/07. There are competing pressures in this subject; on the one hand, employers persistently report skills shortages in computing, but on the other, computer science graduates have had the highest unemployment rate of graduates from all subjects every year since the post-92 institutions became full universities, and this was exacerbated by the recession. The proportion of graduates graduating from architecture, building and planning courses increased for much of the period and then levelled off. These subjects were particularly severely affected by the recession, having previously enjoyed low unemployment rates and the levelling is consistent with the theory that enrolments to courses were on the increase until the recession began and employability dropped sharply.

Table 2.2: Percentage of UK-domiciled first degree graduates by subject of study (Column %)

	2006/07	2007/08	2008/09	2009/10	2010/11
Medicine & dentistry	2.7	2.7	2.9	2.8	2.8
Subjects allied to medicine	10.7	10.9	10.5	10.6	10.3
Biological sciences	10.7	10.8	10.7	10.7	10.8
Veterinary science	0.2	0.2	0.3	0.2	0.2
Agriculture & related subjects	0.7	0.7	0.7	0.7	0.7
Physical sciences	4.1	4.1	4.4	4.2	4.4
Mathematical sciences	1.9	1.9	1.9	1.9	2.0
Computer science	5.4	4.7	4.4	4.1	3.9
Engineering & technology	5.1	4.9	5.0	5.0	5.0
Architecture, building & planning	2.3	2.5	2.7	3.0	3.0
Social studies	10.8	10.8	10.7	10.7	10.6
Law	4.7	4.6	4.4	4.4	4.4
Business & administrative studies	10.5	10.5	10.9	11.0	11.0
Mass communications and documentation	3.1	3.2	3.1	3.1	3.3
Languages	6.8	6.9	6.8	6.6	6.6
Historical and philosophical studies	4.6	4.8	4.7	4.5	4.5
Creative arts & design	9.9	10.2	10.3	10.5	10.6
Education	3.7	3.9	4.2	4.4	4.6
Combined	1.9	1.7	1.5	1.6	1.4

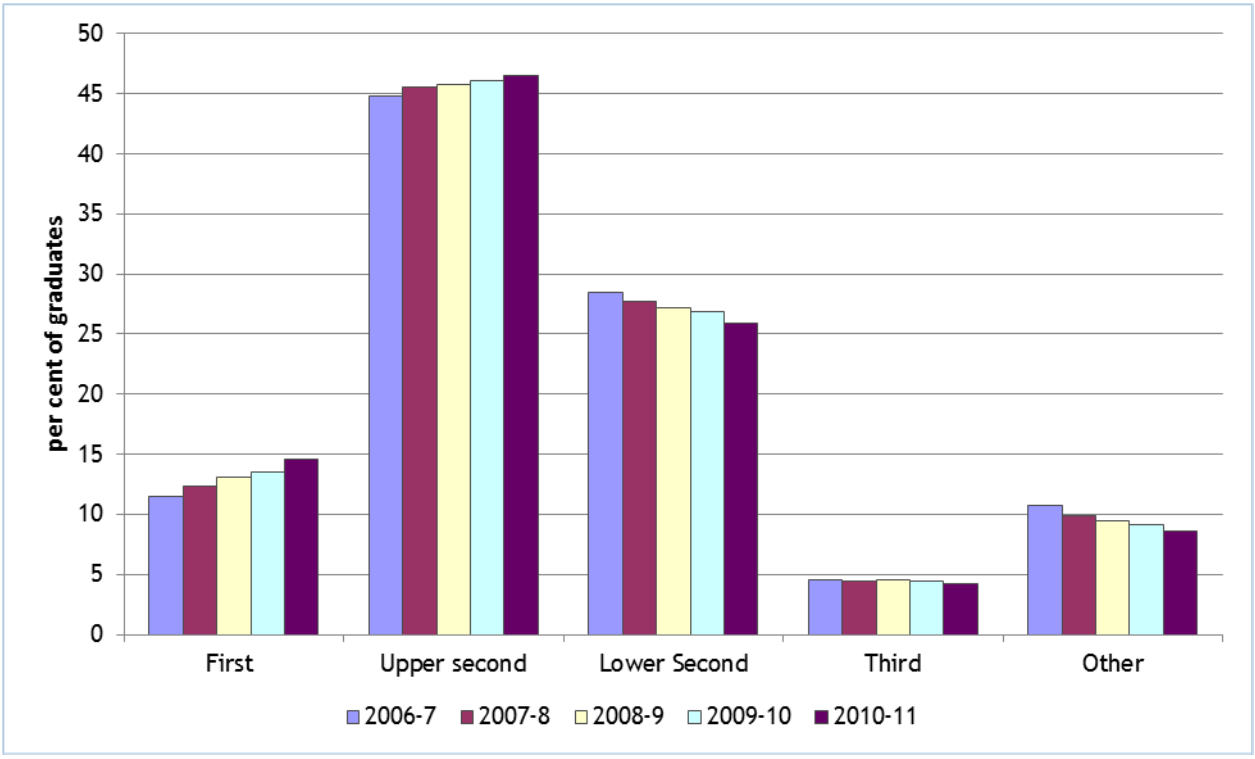
Source: Destinations of Leavers from Higher Education 2006/07 to 2010/11

The proportions of graduates gaining degrees in social science, law and media subjects remained relatively steady whilst business saw a modest increase. The proportion of graduates receiving degrees in the creative arts and design increased between 2006/07 and 2010/11, as numbers of degrees awarded in this subject group went up by 20% to rival social studies, biological sciences (including psychology) and business studies as the most popular subject groups for graduates.

Degree class

Figure 2.5 illustrates the changes in degree classes awarded over the five year period. The proportion of graduates receiving 2:1 and First Class degrees went up, and 2:2s declined – although, interestingly, there was little real change in the proportion of Thirds awarded. In total, the number of Firsts awarded increased from 32,055 to 45,535 in five years, an increase of 42%, against the backdrop of a 12% increase in the total number of degrees awarded.

Figure 2.5: Degree classes awarded to UK-domiciled first degree graduates from 2006/07 to 2010/11



Source: Destinations of Leavers from Higher Education 2006/07 to 2010/11

2.2.2 Employers' recruitment of graduates

In terms of employers and their trends in recruiting graduates, there are no robust and large scale data sources covering the entirety of the UK employers. However findings from various surveys of known graduate recruiters (which tend to focus on large employers with a history of recruiting graduates) coupled with bespoke analyses of large national surveys of employers help to develop a picture of: the size of the graduate employer population (how many employers take on graduates); and how they have been faring in recent years.

Evidence from the Employer Skills Survey

Bespoke analysis of the 2013 UK Commission for Employment and Skills Employer Skills Survey showed that 13% of all establishments had taken on someone to their first job on leaving university or another higher education institution, regardless of their age, in the last two to three years (Table 2.3). The survey does not probe on occupation, and so graduate recruits could be in low-level, non-graduate work as well as in a 'graduate job'.

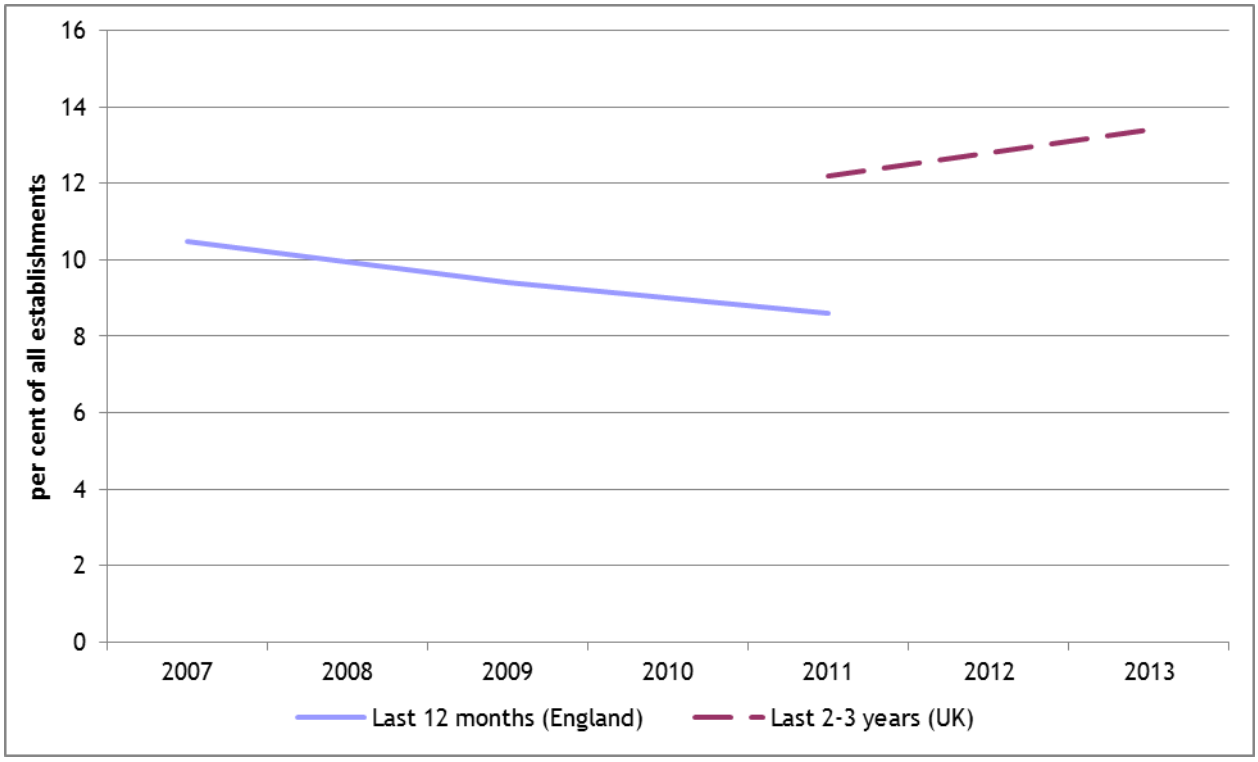
Table 2.3: Recruitment of graduates, Employer SkillsSurvey 2013

	Frequency	%
Recruited HE leaver to first job on leaving HE in last 2-3 years	234,200	13.4
Did not recruit HE leaver in last 2-3 years	1,509,700	86.6
Total	1,743,800	100

Source: Employer Skills Survey 2013

The impact of the recession on graduate recruitment can be seen from the Employer Skills Survey evidence, with the proportion of establishments recruiting higher education leavers increasing since 2011, having fallen between 2007 and 2011, as Figure 2.6 shows.

Figure 2.6: Proportion of establishments recruiting graduates

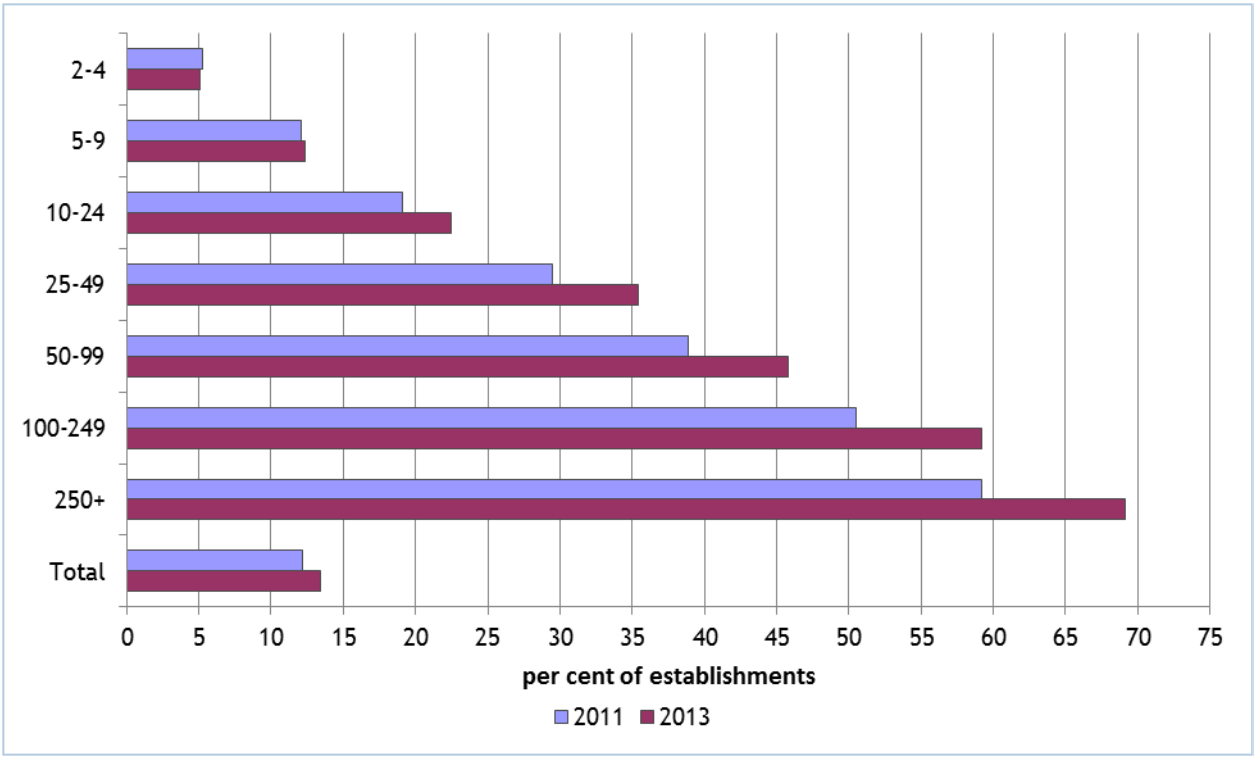


Note: Figures for 2007 and 2009 are for recruitment of graduates aged under 24; figures for 2011 and 2013 are for recruitment of graduates of any age

Source: National Employer Skills Surveys 2007 and 2009; Employer Skills Surveys 2011 and 2013

The likelihood of recruiting graduates increased with size of establishment, as shown in Figure 2.7 (see also Appendix 1 tables). This is an expected finding as recruitment *per se* will increase with establishment size, although it is interesting to note that the increase in graduate recruitment in last two years has been among establishments with 10 or more employees, and there has been little change in the proportion of graduate recruitment in micro establishments (under 10 employees).

Figure 2.7: Recruitment of graduates in last 2-3 years by establishment size, 2011 and 2013

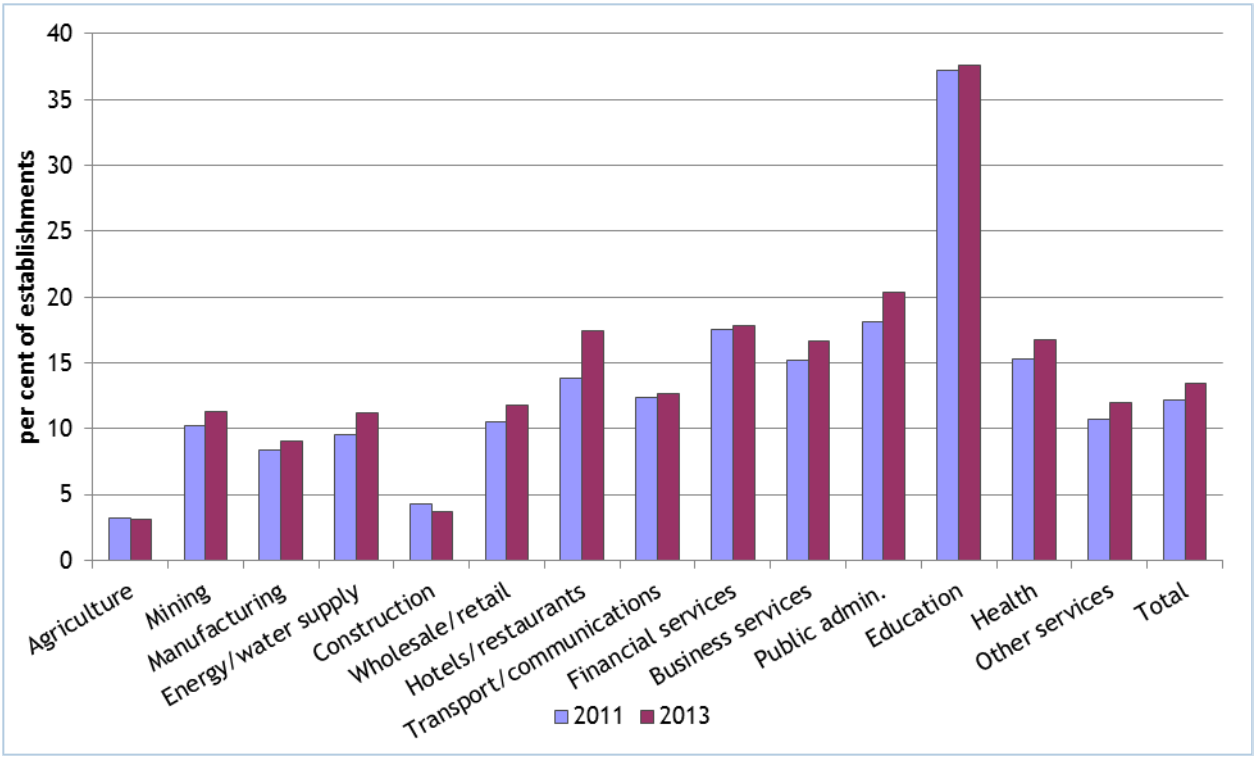


Source: Employer Skills Surveys 2011 and 2013

Establishments in the education sector were most likely to have recruited graduates in the last two to three years, followed by those in public administration (Figure 2.8). Other sectors with at least 15% of employers having recruited a graduate in the last two to three years included hotels and restaurants, financial services, business services, and health. Establishments in the agriculture and construction sectors were least likely to have recruited graduates.

In most sectors there was an increase in the proportion of employers recruiting graduates between 2011 and 2013. The increase in graduate recruitment was most marked in the hotels and restaurants sector (from 14% to 17%), while the public administration, energy and water supply, health and business services sectors also saw large increases of around two percentage points. The proportion of establishments recruiting graduates fell in the agriculture and construction sectors.

Figure 2.8: Recruitment of graduates in last 2-3 years by sector, 2011 and 2013



Source: Employer Skills Surveys 2011 and 2013

Table 2.4 shows the sub-sectors (based on 2-digit SIC) with the highest proportions of establishments that have recruited graduates in the last two to three years. All but one of the top 15 sub-sectors are service-based sectors, with the pharmaceuticals sector being the only manufacturing sector among the top 15, although they are sixth highest with 28% of establishments recruiting graduates. Many of the sectors are generally considered professional or specialist, with jobs for which a degree is an entry requirement, for example education (38% of establishments recruited a graduate in the last two to three years), scientific research and development (34%) and veterinary activities (32%). The analysis does not indicate the volume of graduates recruited, and in some sectors, such as veterinary activities, the majority of establishments, if not all, will have a graduate, but may only employ one or two.

Table 2.4: Sub-sectors with highest proportion of graduate recruiting establishments, Employer Skills Survey 2013 (row %)

Detailed sector (2-digit SIC)	Broad sector	Recruited graduate	Not recruited graduate	Total establishments (Weighted N=)
85 Education	Education	37.6	62.4	57,500
72 Scientific research and development	Business services	34.2	65.8	1,100
75 Veterinary activities	Business services	31.9	68.1	4,700
59 Motion picture, video and television programme production, sound recording and music publishing activities	Transport/ communications	30.7	69.3	7,100
73 Advertising and market research	Business services	27.9	72.1	15,100
21 Manufacture of basic pharmaceutical products and pharmaceutical preparations	Manufacturing	27.5	72.5	500
58 Publishing activities	Transport/ communications	24.8	75.2	5,800
66 Activities auxiliary to financial services and insurance activities	Financial services	23.2	76.8	6,000
62 Computer programming, consultancy and related activities	Transport/ communications	23.1	76.9	31,000
70 Activities of head offices; management consultancy activities	Business services	22.8	77.2	46,200
63 Information service activities	Transport/ communications	21.6	78.4	2,400
60 Programming and broadcasting activities	Transport/ communications	20.8	79.2	1,700
74 Other professional, scientific and technical activities	Business services	20.6	79.4	35,600
84 Public administration and defence; compulsory social security	Public admin.	20.4	79.6	21,400
90 Creative, arts and entertainment activities	Other services	20.2	79.8	5,600

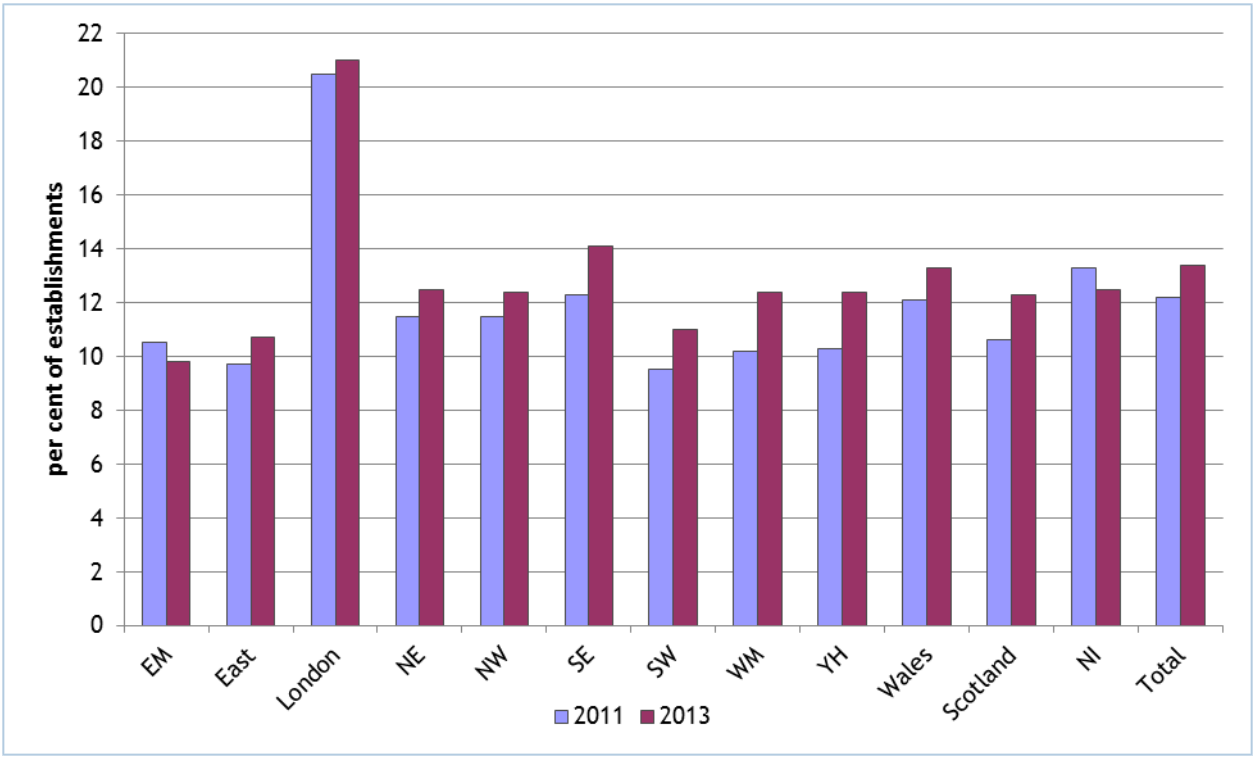
Source: Employer Skills Survey 2013

Establishments in London were much more likely than those located elsewhere to have recruited a graduate in the last two to three years, with just over 20% of establishments in 2013 having recruited a graduate recently (Figure 2.9). This is partly due to the sectoral structure of establishments in London, with over-representation in financial services and business services which have above average proportions of graduate recruiters, and also the prevalence of head offices which have higher proportions of higher-level jobs. However, outside of London there was relatively little variation in graduate recruitment by

region, with the proportion of graduate recruiting establishments ranging from 10% in the East Midlands, up to 14% in the South East.

The West Midlands and Yorkshire and The Humber have seen the greatest increases in the proportions of establishments recruiting graduates between 2011 and 2013, at just over two percentage points, closely followed by the South East and Scotland with increases of just under two percentage points. However in the East Midlands and Northern Ireland the proportion of graduate recruiting establishments has decreased since 2011.

Figure 2.9: Recruitment of graduates in last 2-3 years by region, 2011 and 2013



Source: Employer Skills Surveys 2011 and 2013

Evidence from the Employer Perspectives Survey

The results of the Employer Skills Survey show establishments that recruited graduates into their first job on leaving education, but does not look at the job the graduate is recruited into, and so graduates being recruited into a customer service role in a retail establishment or restaurant would be included along with those recruited into graduate jobs. Therefore the Employer Skills Survey covers graduates in employment, not all of whom are in graduate jobs.

The Employer Perspectives Survey 2012 asked respondents about the recruitment of young people aged 19-24, along with the job they were recruited into (Standard Occupational Classification (SOC) Major Groups, or 1-digit SOC; see Table 1 in Appendix 2 which presents SOC definitions), and so it is possible to identify the recruitment of 19-24 year olds into managerial, professional and associate professional occupations (SOC Major Groups 1-3), most of whom are likely to be graduates. Therefore the Employer Perspectives Survey covers young people in employment in graduate level jobs, some of whom may not be graduates.

Table 2.5 shows that 4% of establishments in the 2012 Employer Perspectives Survey had recruited a young person aged 19-24 into a high-level job in the previous 12 months.

Table 2.5: Recruitment of young people aged 19-24 into high level jobs in last 12 months, Employer Perspectives Survey 2012

	Frequency	%
Recruited 19-24 year olds to managerial, professional and associate professional occupations (SOC1-3)	66,300	3.9
Recruited 19-24 year olds to lower level occupations (SOC4-9)	328,100	19.2
Did not recruit 19-24 year olds in last year	1,314,100	76.9
Total	1,708,500	100

Source: Employer Perspectives Survey 2012

Table 2.6 shows that the proportion of establishments recruiting 19-24 year olds into high level occupations increases with establishment size, from 2% among the smaller establishments with under five employees to 13% of those with 250 or more employees. In addition, the proportion recruiting 19-24 year olds into lower level occupations increases with establishment size.

Table 2.6: Recruitment of young people aged 19-24 into high level jobs in last 12 months by establishment size, Employer Perspectives Survey 2012 (row %)

	Did not recruit 19-24s	Recruited 19-24s to SOC4-9	Recruited 19-24s to SOC1-3	N=
2-4	90.4	7.7	1.9	893,500
5-9	75.7	19.9	4.4	376,800
10-24	59.8	34.3	5.9	253,900
25-49	45.5	46.9	7.7	90,100
50-249	32.3	56.8	10.9	80,300
250+	19.8	67.5	12.7	14,000
Total	76.9	19.2	3.9	1,708,500

Source: Employer Perspectives Survey 2012

Table 2.7 shows variation by sector in the proportion of establishments recruiting 19-24 year olds into high level jobs, which ranges from 0.6% in hotels and restaurants, up to 10.4% in education.

Table 2.7: Recruitment of young people aged 19-24 into high level jobs in last 12 months by sector, Employer Perspectives Survey 2012 (row %)

	Did not recruit 19-24s	Recruited 19-24s to SOC4-9	Recruited 19-24s to SOC1-3	N=
Agriculture, hunting, forestry and fishing	90.7	8.2	1.1	55,700
Mining and quarrying	89.8	7.7	2.5	4,000
Manufacturing	80.9	17	2.2	100,200
Electricity, gas and water supply	85.3	12.5	2.1	45,100
Construction	87.8	10.6	1.6	162,600
Wholesale and retail trade	77.6	20.5	1.9	370,000
Hotels and restaurants	56.7	42.6	0.6	138,400
Transport, storage and communications	77.2	14.2	8.6	100,800
Financial services	72.8	19.4	7.8	21,700
Real estate, renting and business activities	79.9	13.6	6.5	333,900
Public admin. and defence; compulsory social security	80.2	16.6	3.2	35,400
Education	67.4	22.2	10.4	59,900
Health and social work	62.4	32.4	5.2	111,400
Community, social and personal service activities	78.8	17.1	4.1	169,400
Total	76.9	19.2	3.9	1,708,500

Source: Employer Perspectives Survey 2012

Comparison between Employer Skills Survey and Employer Perspectives Survey findings

Unfortunately for the purpose of this research, neither of these surveys captures employers recruiting graduates into graduate level jobs. The Employer Skills Survey covers the recruitment of graduates but not necessarily into graduate-level jobs, while the Employer Perspectives Survey covers the recruitment of young people into graduate-level jobs but not necessarily graduates. By comparing and contrasting the findings a better picture should emerge on what types of employers are recruiting graduates into graduate level jobs.

Table 2.8 shows the comparison in the sectoral breakdown of 'graduate recruiting' establishments in both the Employer Skills Survey 2013 and the Employer Perspectives Survey 2012, using Graduate Quotients, which are calculated by dividing the proportion of graduate recruiters each sector comprises by the proportion of all establishments it comprises; thus if a sector accounts for 20% of graduate recruiters and 10% of all establishments, the Graduate Quotient would be 2.0. Therefore a Graduate Quotient figure greater than one indicates that the sector accounts for a greater proportion of 'graduate recruiters' than it does establishments overall, and a Graduate Quotient figure of less than one indicates that the sector accounts for a smaller proportion of 'graduate recruiters' than it does establishments overall.

In both surveys, the highest Graduate Quotient figure is found in the education sector, at over 2.5, while the production and construction sectors have Graduate Quotients of less than one in both surveys. Across other sectors, the main differences between the two surveys are found in:

- Hotels and restaurants, which has a Graduate Quotient figure of 1.3 in the Employer Skills Survey but only 0.2 in the Employer Perspectives Survey, which suggests that lots of establishments in this sector are taking graduates on but into lower level occupations.
- Wholesale and retail, with a higher Graduate Quotient figure from the Employer Skills Survey than from the Employer Perspectives Survey (0.9 and 0.5 respectively), again suggesting a high proportion of graduates in non-graduate employment in this sector.
- Transport, storage and communications, which has a Graduate Quotient figure of 2.2 in the Employer Perspectives Survey but just under 1.0 in the Employer Skills Survey, suggesting most graduates in this sector are in graduate level jobs.
- Financial and business services seem to have high levels of graduates in graduate level jobs, as their Graduate Quotient figures from the Employer Perspectives Survey are higher than those from the Employer Skills Survey.
- Public administration, similar to hotels and retail, would appear to have a relatively high proportion of graduates in non-graduate occupations.

Table 2.8: Comparison of the sectoral distribution of 'graduate recruiters' in the Employer Skills Survey 2013 and Employer Perspectives Survey 2012 (column %)

	ESS 2013			EPS 2012		
	% of grad recruiters	% of all establishments	Graduate Quotient	% of grad recruiters	% of all establishments	Graduate Quotient
Agriculture	1.2	5.4	0.23	0.9	3.3	0.29
Mining	0.1	0.1	0.84	0.2	0.2	0.65
Manufacturing	3.9	5.7	0.68	3.3	5.9	0.55
Energy/water supply	0.4	0.5	0.83	1.5	2.6	0.55
Construction	2.5	9.3	0.27	3.9	9.5	0.41
Wholesale/retail	18.8	21.4	0.88	10.5	21.7	0.49
Hotels/restaurants	11.5	8.9	1.29	1.3	8.1	0.16
Transport/ communications	6.6	7.0	0.95	13.0	5.9	2.21
Financial services	3.0	2.3	1.33	2.6	1.3	2.02
Business services	24.8	20.0	1.24	32.6	19.5	1.67
Public admin.	1.9	1.2	1.52	1.7	2.1	0.83
Education	9.2	3.3	2.80	9.4	3.5	2.67
Health	9.3	7.5	1.25	8.7	6.5	1.34
Other services	6.6	7.4	0.89	10.4	9.9	1.05
Total	100.0	100.0	1.00	100.0	100.0	1.00

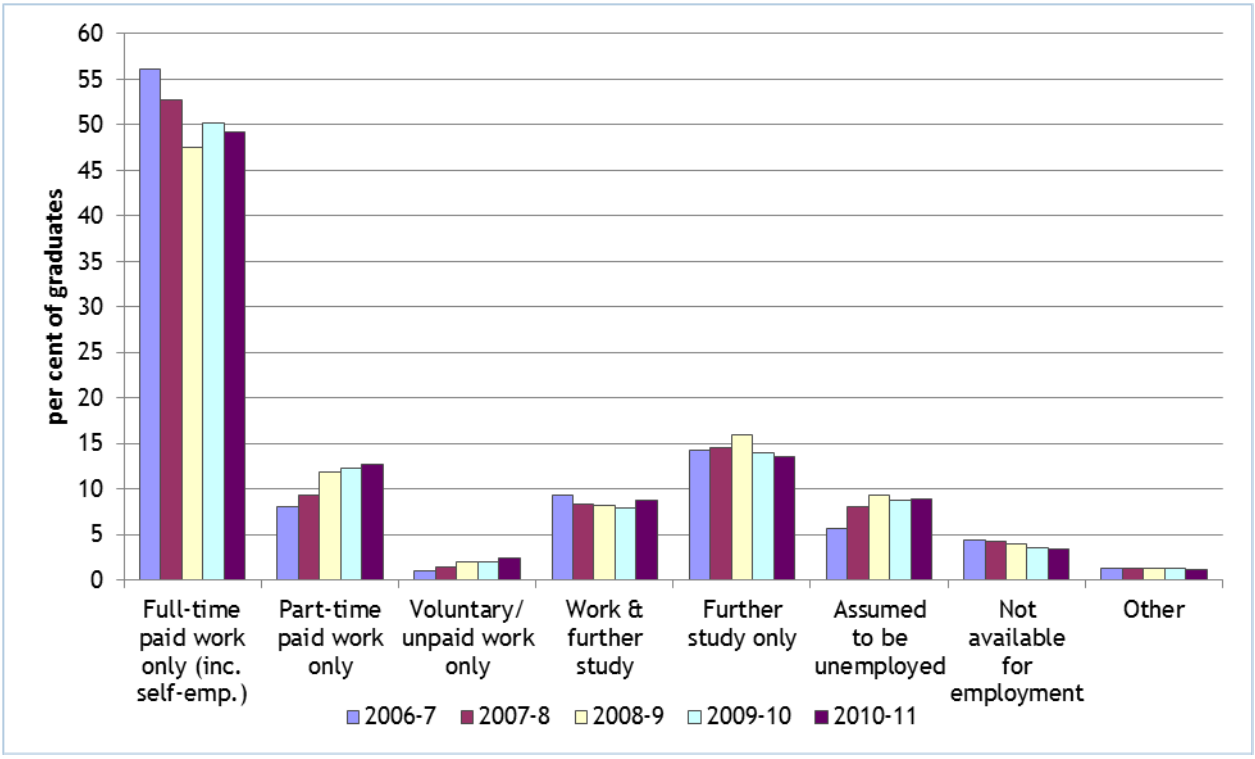
Source: Employer Skills Survey 2013; Employer Perspectives Survey 2012

2.2.3 Where do graduates find work? Outcomes after six months of UK domiciled first degree graduates

This section presents trends in broad outcomes of UK domiciled first degree graduates between 2006/07, before the start of recession, and 2010/11, just before the economic recovery began.

Figure 2.10 examines basic outcomes of graduates as the recession progressed. Unsurprisingly, full-time employment decreased and unemployment went up, with the respective trough and peak both coming in 2008/09. The proportion of graduates entering part-time work also went up significantly, whilst further study rates also peaked in 2008/09.

Figure 2.10: Basic outcomes of UK-domiciled first degree graduates after six months from 2006/07 to 2010/11



Source: Destinations of Leavers from Higher Education 2006/07 to 2010/11

Table 2.9 examines the occupations graduates were undertaking after six months. The job classifications are based on the Standard Occupational Classification 2000 (SOC 2000) and are the same occupations groups used in the joint Higher Education Careers Services Unit/Association of Graduate Careers Advisory Services publication on graduate destinations for schools and universities, 'What Do Graduates Do?'[1].

As the recession deepened, employment in management, finance and the arts all fell, but were largely on the way to recovery by 2010/11. Employment in social and welfare roles,

[1] See http://www.hecsu.ac.uk/assets/assets/documents/WDGD_Oct_2012.pdf for more details.

conversely, peaked at in 2008/09 and then fell away again as the graduate jobs market apparently improved. Marketing, meanwhile, had a higher share of the graduate jobs market in 2010/11 than it had before the recession and the data suggest a long-term upward trend that was only temporarily interrupted by economic downturn.

Health and education saw employment patterns similar to social and welfare – a peak in 2008/09 followed by decline. These are the three main areas for graduates entering the public sector, and there is almost certainly no coincidence. Employment in engineering and IT saw a similar pattern to the more private-sector oriented roles in Table 2.9 – decline until 2008/09 followed by a recovery that, nevertheless, did not reach the levels seen in 2006/07. However, and worryingly, employment in science and research and development fell and accounted for less than 1% of total new graduate employment by 2010/11.

Table 2.9: Percentage of employed UK-domiciled first degree graduates after six months by occupation (column %)

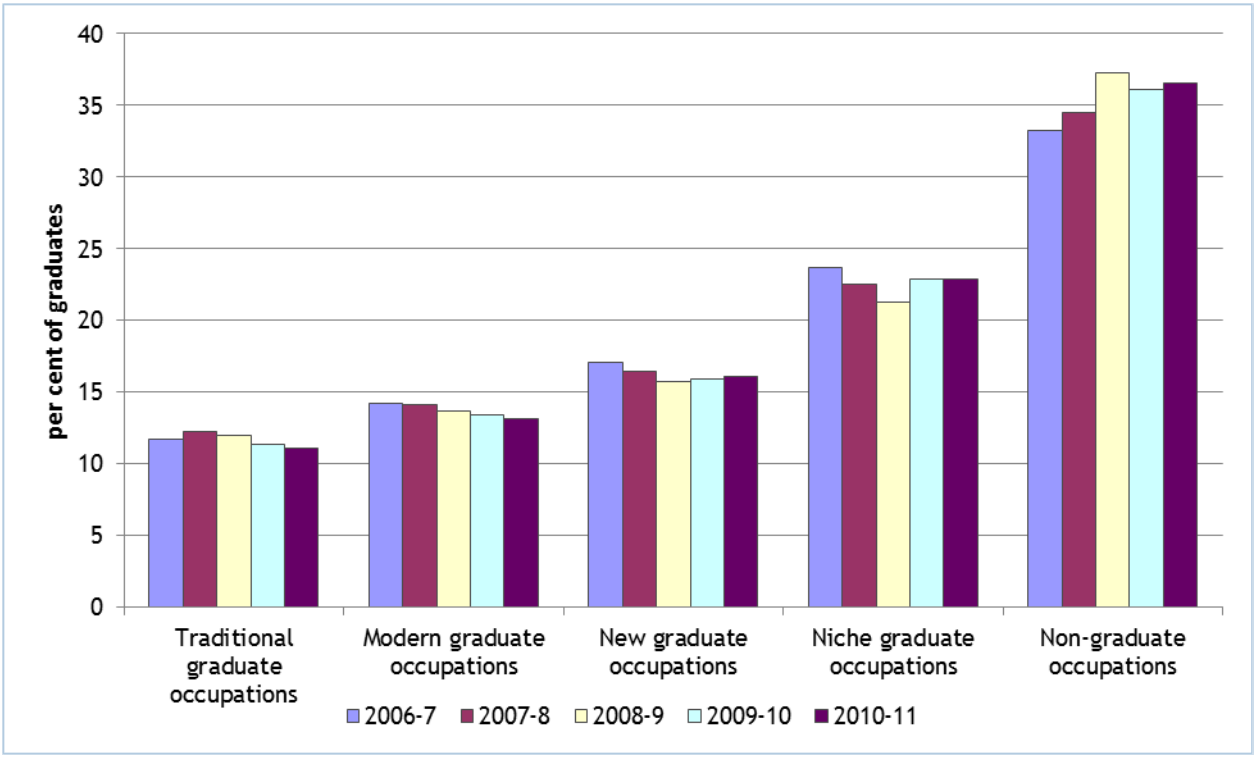
	2006/07	2007/08	2008/09	2009/10	2010/11
Commercial, Industrial & Public Sector Managers	9.2	9.2	8.6	8.8	8.6
Scientific Research Analysis & Development Professionals	1.1	1.2	1.0	0.9	0.9
Engineering Professionals	3.4	3.2	2.7	2.7	3.0
Information Technology Professionals	3.7	3.1	2.5	2.8	3.0
Health Professionals & Associate Professionals	13.3	14.4	14.6	14.0	13.2
Education Professionals	7.3	7.6	7.5	7.0	6.6
Legal Professionals	0.8	0.6	0.6	0.7	0.7
Social and Welfare Professionals	4.1	4.7	5.2	4.7	4.0
Business and Financial Professionals and Associate Professionals	8.6	7.4	6.4	7.5	8.1
Marketing Sales and Advertising Professionals	4.7	4.0	4.1	5.0	5.2
Arts Design Culture and Sports Professionals	6.5	6.3	6.3	6.5	6.8
Other Professionals Associate Professional & Technical Occupations	5.7	5.2	4.6	4.4	4.5
Numerical Clerks and Cashiers	2.3	2.0	1.7	1.9	1.6
Other Clerical and Secretarial Occupations	9.6	8.8	7.8	6.7	6.3
Retail Catering Waiting and Bar Staff	8.6	10.4	14.1	13.6	14.4
Other Occupations	11.0	11.7	12.1	12.6	12.7

Source: Destinations of Leavers from Higher Education 2006/07 to 2010/11

The time period under examination saw a sharp and sustained fall in the proportion of graduates entering clerical and secretarial occupations. These generally office-based administrative jobs of medium skills level, often with organisations employing significant numbers of graduates elsewhere in the business, have traditionally been excellent springboards for inexperienced graduates to take their first steps in the workplace and to progress on to jobs more likely to require a higher education qualification. The loss of such a large number of roles, particularly outside London, may have a detrimental effect on progression opportunities for graduates. One obvious and high profile consequence of the recession was an increase in the number of graduates taking up relatively low-skilled jobs.

The Higher Education Careers Services Unit-funded research project, 'Seven Years On', conducted by the Institute for Employment Research, featured the development of a typography for graduate and non-graduate jobs, based on SOC 2000[1]. Using this data we can examine how the balance between 'graduate' and 'non-graduate' jobs changed as the recession progressed. As suggested in the previous figures, the proportion of graduates entering non-graduate employment, like the unemployment rate for graduates, reached a peak in 2008/09, and it seems reasonable to suggest that the UK graduate jobs market therefore reached a low in that year and was in slow recovery thereafter (Figure 2.11).

Figure 2.11: Types of work for employed UK-domiciled first degree graduates after six months from 2006/07 to 2010/11 – graduate job categories



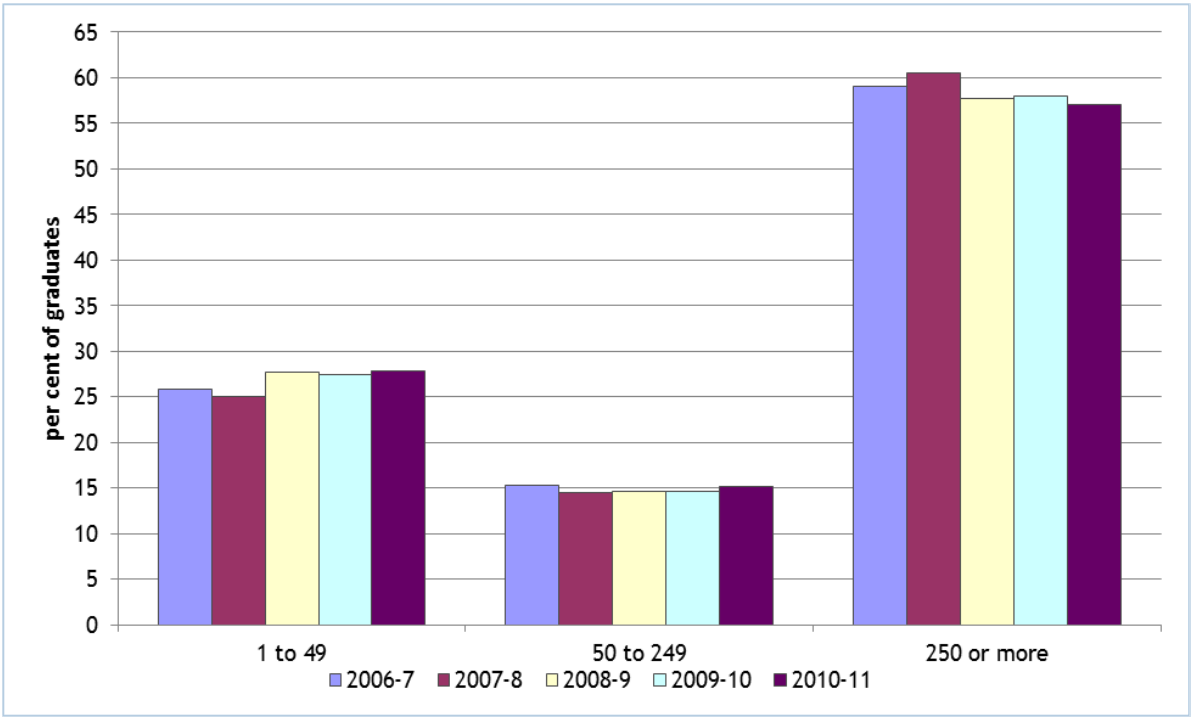
Source: Destinations of Leavers from Higher Education 2006/07 to 2010/11

The majority of graduates started work with large organisations but the data suggest there has been a small increase in the proportion of graduates starting work at small businesses across the period under investigation (Figure 2.12).

The effects of the recession on the financial centres of London are apparent from the trough in employment in the region in 2008/09. London subsequently recovered to its previous level of accounting for one fifth of all new graduate employment in 2010/11 as other regions, particularly Scotland, took a smaller share of employment (Figure 2.13).

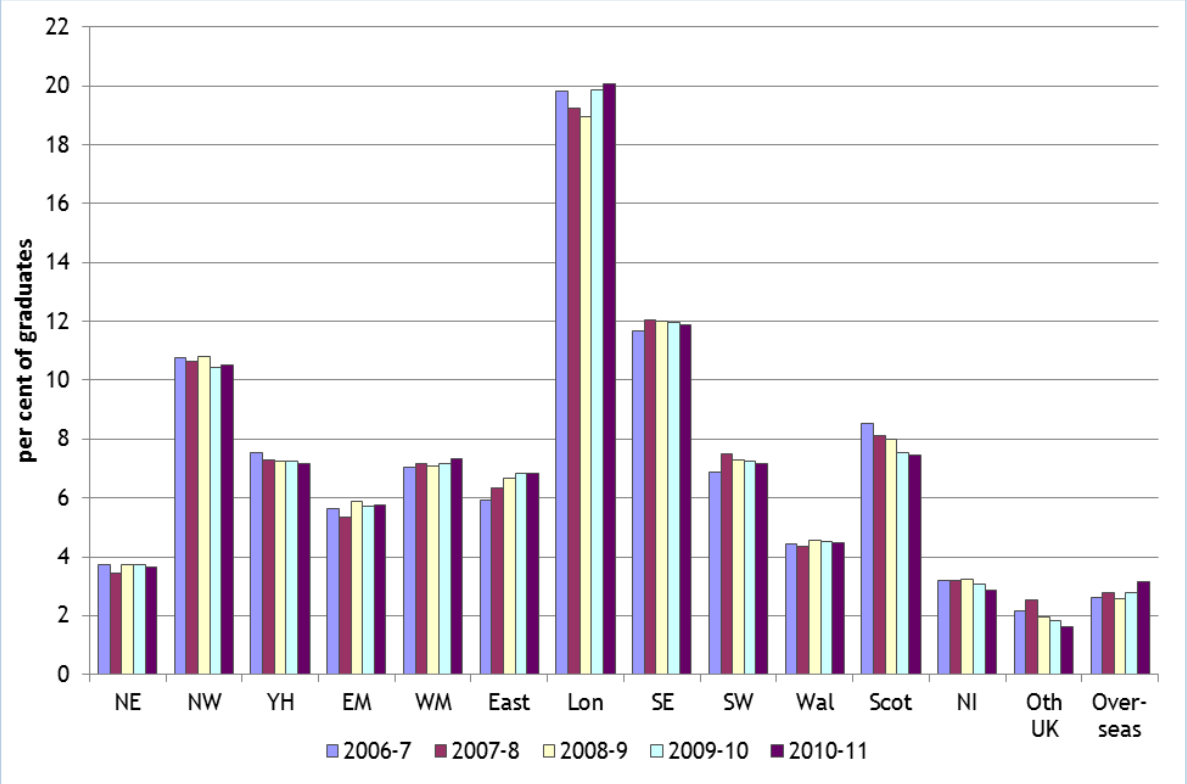
[1] http://www.hecsu.ac.uk/assets/assets/documents/seven_years_on.pdf

Figure 2.12: Employer size for employed UK-domiciled first degree graduates after six months, from 2006/07 to 2010/11



Source: Destinations of Leavers from Higher Education 2006/07 to 2010/11

Figure 2.13: Location of employment for employed UK-domiciled first degree graduates after six months, from 2006/07 to 2010/11



Source: Destinations of Leavers from Higher Education 2006/07 to 2010/11

2.2.4 Where do graduates go, and what do they do, after graduation? – evidence from the Labour Force Survey

The Labour Force Survey is a large scale household survey undertaken every quarter which asks questions about qualifications and other education characteristics in addition to labour market characteristics, and so can be used to investigate the labour market position of recent graduates.

However, as it is a general survey, unlike Destinations of Leavers from Higher Education which only samples recent graduates, we need to define our target population of recent graduates with reference to relevant variables included in the Labour Force Survey.

The survey covers calendar quarters, ie January-March, April-June, July-September, and October-December.

The first step is to identify recent graduates, by identifying those respondents with at least a first degree/foundation degree (unfortunately foundation degrees are included in the same category as first degrees), who gained their qualification in the last year or two (the timing is fuzzy here as responses can be given as a year, or the respondent's age).

Given the fuzziness of the timing cut-off, and the dates of the survey quarters in relation to the academic year, we have used the April-June quarter data, and identified respondents who gained their degree level qualification in that year or the previous year, or at their current age or when one year younger. Thus the most recent data is for the April-June quarter 2013, and picks out people who gained their degree level qualification in 2012 or 2013, or at their current age or one year younger; the majority of these are likely to have gained their qualification at the end of the 2011/12 academic year and so be around nine months after graduation, although a small proportion will have gained their qualifications in 2013 and so only be a few months after graduation, and some may have gained their qualification before the end of the 2011/12 academic year and so be further out from graduation.

Table 2.10 shows that in the April-June 2013 Labour Force Survey data, 868,000 people had gained a first/foundation degree or higher degree level qualification in the previous year or two. Of these, 13% had gained it in 2013, 48% had gained it in 2012, 10% had gained it at their current age, and 29% when one year younger.

Table 2.10: Recent graduates by when graduated

	Number	%
2012	419,200	48.3
2013	111,400	12.8
Current age	88,300	10.2
1 year younger	249,100	28.7
Total	867,900	100.0

Source: Labour Force Survey, April-June 2013

Not all recent graduates were in their early 20s and taking their first steps into the labour market; many were older and likely to have been in employment before taking a first or

higher degree later in life. Table 2.11 shows the age distribution of recent graduates, and shows that one in 10 were aged 21 or younger, one in three were aged 22 or 23, one in four were aged 24 to 29, and one in three were aged 30 plus.

Table 2.11: Age of recent graduates

	Number	%
20 or under	17,500	2.0
21	73,200	8.4
22	156,800	18.1
23	124,300	14.3
24	63,800	7.3
25	62,400	7.2
26-29	98,000	11.3
30+	272,000	31.3
Total	867,900	100.0

Source: Labour Force Survey, April-June 2013

Not all recent graduates were fresh from completing their continuous full-time education[1] either, and many had a break between their continuous full-time education and their recent higher education experience. Table 2.12 shows that 42% of recent graduates left continuous full-time education at their current age or when one year younger (ie their higher education experience was part of their continuous full-time education), while 18% had a gap of between two and nine years, 28% had a gap of 10 or more years, and 12% were still in continuous full-time education.

Table 2.12: Years since leaving continuous full-time education for recent graduates

	Number	%
0 years	121,700	14.0
1 year	242,100	27.9
2-4 years	54,000	6.2
5-9 years	101,500	11.7
10+ years	244,300	28.2
Still in education	104,200	12.0
Total	867,900	100.0

Source: Labour Force Survey, April-June 2013

Table 2.13 shows the relationship between age and years since completing continuous full-time education for recent graduates. Around three quarters of recent graduates aged 23 had left continuous full-time education within the last two years, and most of the rest were still in continuous full-time education. Among recent graduates aged 24 and 25, just

[1] Gap years, ie a break of one year between finishing school/college and starting university, are not counted as a break in continuous full-time education.

under half (45%) had left continuous full-time education within the last two years, although 40% had a break in their education (either between school/college and university, or between first and higher degrees). From age 26, recent graduates who had a break in their education outnumbered those who had left continuous full-time education within the last two years, and over four fifths (83%) of recent graduates in their 30s or older had a break of at least 10 years since completing continuous full-time education.

Table 2.13: Relationship between age and years since continuous full-time education for recent graduates (row %)

Age	0 years	1 year	2-9 years	10+ years	Still in education	N=
< 22	43.2	24.1	~	~	32.0	90,700
22-23	19.9	55.8	6.7	~	17.4	281,100
24-25	12.9	31.7	39.9	~	15.5	126,200
26-29	9.2	18.6	51.0	16.8	~	98,000
30+	~	~	13.1	83.4	~	272,000
Total	14.0	27.9	17.9	28.2	12.0	867,900

Note: ~ indicates estimate is too low for publication

Source: Labour Force Survey, April-June 2013

Table 2.14 shows the relationship between age and years since completing continuous full-time education separately for first degree graduates and higher degree graduates.

Table 2.14: Relationship between age and years since continuous full-time education for recent graduates, by level of degree (row %)

		<2 years	2-9 years	10+ years	Still in education	N=
Higher degree	<22	~	~	~	~	~
	22-23	79.4	~	~	~	41,800
	24-25	49.1	40.3	~	~	51,300
	26-29	41.7	45.5	~	~	47,800
	30+	~	13.5	82.0	~	115,600
	Total	32.5	22.8	38.5	6.2	258,400
First degree/FD	<22	67.6	~	~	31.6	88,800
	22-23	75.0	7.4	~	17.2	239,200
	24-25	41.5	39.7	~	18.8	74,900
	26-29	~	56.3	23.5	~	50,100
	30+	~	12.9	84.5	~	156,500
	Total	45.9	15.8	23.8	14.5	609,500

Note: ~ indicates estimate is too low for publication

Source: Labour Force Survey, April-June 2013

Economic activity

The trend in the economic activity of recent graduates since 2006 is shown in Table 2.15. The employment rate fell sharply between 2008 and 2009 with the onset of the recession, from 79% to 75%, and the unemployment rate rose sharply, from 6% to over 9%. The employment rate has fluctuated since then but has remained below the 2008 level, and similarly the unemployment rate has remained above the 2008 level since then.

Table 2.15: Economic activity of recent graduates, 2006-2013 (column %)

	2006	2007	2008	2009	2010	2011	2012	2013
In employment	78.7	81.1	78.5	74.3	73.8	77.4	77.0	72.7
ILO unemployed	7.8	5.2	6.1	9.4	8.1	8.3	9.2	10.0
Inactive – student	8.6	8.7	10.9	11.7	13.5	8.6	7.8	11.3
Inactive – other	4.9	5.0	4.5	4.5	4.7	5.7	6.0	6.0
Total (000s)	525.3	553.8	588.4	648.5	695.1	781.2	868.2	867.9

Source: Labour Force Survey, April-June quarter each year

The most recent data for 2013 show that the employment rate is higher among graduates who had a break in their education between school/college and university. Table 2.16 shows that three quarters (75%) of recent graduates in 2013 with no gap in their continuous full-time education were in employment, compared with 82% of those with a gap.

Table 2.16: Economic activity of recent graduates by years since finished continuous full-time education (column %)

	< 2 years	2+ years	Still in education	Total
In employment	75.4	82.1	27.3	72.7
ILO unemployed	13.2	7.8	7.3	10.0
Inactive	11.4	10.1	65.4	17.3
Total	363,800	399,900	104,200	867,900

Source: Labour Force Survey, April-June 2013

The employment rate increases with the age of recent graduates, possibly reflecting the effect of work experience gained between school/college and university increasing employability. Table 2.17 shows that the employment rate of recent graduates increases from 62% of those aged 22 and under, up to 82% for those aged 26 and over.

Table 2.17: Economic activity of recent graduates by age (column %)

	< 23	23-25	26+	Total
In employment	62.1	70	81.7	72.7
ILO unemployed	16.5	8.9	6.4	10.0
Inactive	21.4	21.2	11.9	17.3
Total	247,500	250,400	370,000	867,900

Source: Labour Force Survey, April-June 2013

Table 2.18 shows that the employment rate of higher degree graduates was higher than that of first degree or foundation degree graduates (78% and 71% respectively).

Table 2.18: Economic activity of recent graduates by degree level (column %)

	Higher degree	First degree/FD	Total
In employment	78.0	70.5	72.7
ILO unemployed	7.2	11.2	10.0
Inactive	14.8	18.3	17.3
Total	258,400	609,500	867,900

Source: Labour Force Survey, April-June 2013

Industry

The changing pattern of employment by sector of recent graduates is shown in Table 2.19. The proportion of graduates working in the wholesale/retail and hotels/restaurants sectors increased markedly over the last few years as the recession resulted in a fall in the number of graduate jobs and increasing numbers of graduates entered sectors not traditionally associated with graduate employment. There was also a fall in the proportion of graduates entering the public administration sector as a result of cuts to public sector budgets.

Table 2.19: Industrial sector of recent graduates in employment by year, 2006-2013 (column %)

	2006	2007	2008	2009	2010	2011	2012	2013
Agriculture, manufacturing, energy, water supply	6.9	11.2	6.6	4.6	5.1	5.7	6.4	5.2
Construction	3.8	2.6	3.3	2.9	3.6	2.6	2.5	3.0
Wholesale/retail	9.5	8.7	9.5	12.7	12.7	14.3	14.5	14.3
Hotels/restaurants	4.3	3.9	5.1	6.6	7.1	6.4	5.6	7.6
Transport/communications	7.6	7.5	5.7	6.6	4.3	5.5	5.3	5.5
Financial services	5.4	4.3	4.7	4.3	2.4	4.7	4.4	4.4
Business services	12.2	13.6	15.0	13.8	13.0	14.7	11.8	12.7
Public administration	6.6	6.8	8.8	8.7	6.9	5.7	5.2	3.8
Education	20.5	18.7	18.5	18.3	19.4	16.8	18.7	18.6
Health	19.4	17.3	16.9	15.9	21.2	18.3	18.5	20.7
Other services	3.9	5.5	5.8	5.6	4.3	5.1	7.1	4.1
Total (000s)	412.2	448.0	460.3	477.2	508.6	600.0	661.6	625.4

Source: Labour Force Survey, April-June quarter each year

Occupation

Table 2.20 shows the recent trends in the occupations of recent graduates in employment, and shows that in 2013 just over half (56%) were working in graduate level jobs, that is managerial, professional and associate professional occupations (SOC1-3), down from two thirds (66%) in 2006, and with a large fall of four percentage points between 2009 and 2010. There have been corresponding increases in the proportions working in lower level non-manual jobs (administrative and clerical, caring and leisure services, and sales and customer services, SOC4, 6, 7), and in skilled and semi-skilled manual jobs or elementary jobs (SOC5, 8, 9).

Table 2.20: Occupation of recent graduates in employment by year, 2006-2013 (%)

	2006	2007	2008	2009	2010	2011	2012	2013
Managerial/professional/ associate professional	66.1	65.3	63.2	63.2	59.3	58.3	57.6	56.0
Administrative/service/sales	26.4	24.4	28.2	28.1	29.2	29.2	30.5	32.1
Manual/elementary	7.5	10.4	8.7	8.8	11.5	12.5	11.8	11.9
Total (000s)	411.9	449.3	461.2	480.8	511.6	603.6	668.0	629.5

Source: Labour Force Survey, April-June quarter each year

There are different occupational patterns between recent graduates straight from continuous full-time education and those with some break in their education, as shown in Table 2.21. Over two thirds (68%) of those with a break in their education history were in graduate level jobs, compared with 44% of those who went to higher education straight from school or college, while twice as many of the latter group were in lower level non-manual jobs. This will to some extent reflect those with higher degrees, who are more likely to have had a break and 85% of whom were in graduate jobs (Table 2.22), but also

suggests that many of those who have a break in their education may be gaining useful labour market experience during that break.

Table 2.21: Occupation of recent graduates in employment by years since finished continuous full-time education, 2013 (column %)

	< 2 yrs	2+ yrs	Total
Managerial/professional/ associate professional	43.9	68.3	56.0
Administrative/service/sales	43.2	21.9	32.1
Manual/elementary	13.0	9.9	11.9
Total (000s)	273.4	327.6	629.5

Source: Labour Force Survey, April-June 2013

Table 2.22: Occupation of recent graduates in employment level of degree, 2013 (column %)

	Higher degree	First degree/ Foundation degree	Total
Managerial/professional/ associate professional	85.1	42.3	56.0
Administrative/service/sales	13.6	40.8	32.1
Manual/elementary	~	16.9	11.9
Total (000s)	201.6	427.9	629.5

Source: Labour Force Survey, April-June 2013

There is also a strong relationship between the age of recent graduates and their occupations. Table 2.23 shows that only 29% of recent graduates aged 22 and under were in managerial, professional and associate professional occupations, compared with 53% of those aged 23 to 25, and 71% of those aged 26 and older. This is likely to be a reflection of higher degree graduates being older than first degree or foundation degree graduates, and older graduates gaining work experience during breaks between school/ college and university.

Table 2.23: Occupation of recent graduates in employment by age, 2013 (column %)

	< 23	23-25	26+	Total
Managerial/professional/ associate professional	29.2	53.2	71.3	56.0
Administrative/service/sales	51.5	35.2	20.3	32.1
Manual/elementary	19.3	11.6	8.4	11.9
Total (000s)	153.6	174.3	301.5	629,500

Source: Labour Force Survey, April-June 2013

3 Understanding graduate demand

This chapter looks at employer demand for 'new' graduates as they come onto the labour market immediately after graduation or a little while later, in terms of size of graduate intake, skills sought as proxied by occupation, and views on the employability of graduates.

After presenting evidence from the literature, the chapter presents data analysis from the following sources:

- Association of Graduate Recruiters Winter surveys for 2010 to 2013
- Management information from the Graduate Recruitment Bureau
- The 2013 UK Commission for Employment and Skills Employer Skills Survey (ESS)

3.1 Evidence from the literature – employers' expectations of graduate attributes, skills and 'employability'

The expansion of higher education and the associated increase in the number of graduates entering the labour market poses serious questions about the existing match between the skills and attributes possessed by graduates and those sought by employers. Questions are raised in the literature about the possibly declining standards and quality of graduates leaving higher education institutions in the context of 'massification' of higher education. Many employers appear to be confused by the diversity of higher education courses and qualifications on offer, and concerns have often been expressed by employers about graduates exiting higher education without the necessary vocational or generic skills and competencies that they would require as employees (cf. CBI, 2009; Lowden et al, 2011; UKCES, 2014). These trends co-exist however with evidence of increasing graduate under-employment, as reviewed in the section above, which points to the existence of a pressing issue of skills mis-match in the UK graduate labour market.

The issue of skills mis-match is an on-going challenge for the UK graduate labour market, which is related on one hand to the process of 'massification' of higher education discussed earlier, but also to some of the features of higher education in the UK, which, it is argued in the literature, is traditionally characterised by a much looser 'fit' between content of study and labour market destination than is typical in other countries (Brennan, 2008; Brennan and Little, 2010), with a greater emphasis on general, soft or transferable skills rather than specific vocational preparation. In general, it is possible to identify a degree of separation in the UK economy between professional sectors in which the link between subject studied and job requirements is clearly identifiable, and sectors in which occupations have instead a much looser alignment to subject studied (CFE, 2013). This is coupled with a scenario of overall skills polarisation characterising the UK economy, where skills intensive, high-value added sectors co-exist with a large segment of low-skill, low value added sectors, mainly concentrated in services (cf. Brown et al, 2001; Goos and Manning, 2007). These parallel trends result in a partly contradictory situation. On one hand, employers in technical, high-skills-intensive sectors find it hard to find graduates with the right vocational or technical skills set (CBI, 2013; UKCES, 2014); for example, a recent

Confederation of British Industry (2013) survey of 294 employers found that 26% of firms in the engineering, high-tech and science sectors reported shortages of STEM-qualified graduates. On the other hand, employers in the service sector, who attach much greater importance in their graduate recruitment and selection strategies to generic, transferable 'employability' skills more than to specific degree subject or vocational knowledge, are faced with an over-supply of graduates to select from, and find it increasingly hard to sift the 'good quality' graduates from the overall talent pool available (Branine, 2008).

To address this issue and better understand the skills' needs of employers in relation to their graduate recruits, a large body of literature has focused on investigating the skills and attributes to which employers attach importance in their graduate selection processes. The centrality of this concern is also mirrored by the growing emphasis in recent years on the role that higher education institutions can play in relation to graduate employment and to the corresponding growth of the so-called 'employability agenda' as a key concern for higher education institutions (for a review of the employability literature, see Tomlinson, 2012; Holmes et al, 2011). Employability activities are in general undertaken by higher education institutions to better prepare graduates for the world of work and address the changing requirements and expectations of employers in an increasingly competitive labour market. Collaboration and synergies between business and higher education institutions are seen as crucial to bridge the gap which exists between the attributes and specialism which students develop in higher education and the actual requirements of the world of work (NCUB, 2014b).

The 2009 Future Fit report, carried out by the Council for British Industry and Universities UK, reached positive conclusions on the interactions between universities and businesses in relation to enhancing graduate career prospects, but nonetheless suggested that a 'gap' still exists between the type and level of skills sought by employers and the extent to which graduates meet those expectations, and raised the critical question of whether universities are doing enough to prepare their graduates for the world of work. These findings were echoed in the Council for Industry and Higher Education (2010) report on business' expectations of postgraduate students, which found that against a general backdrop of employers' satisfaction with graduates with higher degrees, postgraduate students were still found to lack leadership skills and work experience which are highly valued by employers. The recent Confederation of British Industry (2013) sixth Education and Skills survey highlighted similar findings, with 45% of surveyed businesses reporting that STEM-qualified applicants do not arrive in the labour market grounded and ready for work, and 39% finding that they lack general workplace experience.

Let us then consider what skills and attributes emerge in the literature as those most highly valued by employers. In general, the literature suggests that all firms who recruit graduates do so due to their need to acquire high levels of competence in both social and technical skills, but also with the aim of enhancing the firm's competitiveness or of developing managers, ie the future leadership of the organisation (Connor et al, 2003). The literature seems unanimous in observing that employers attach great importance to 'generic' transferable skills (see Raybould and Sheedy, 2005; CBI 2009; Brennan and Little 2010) in the graduates they recruit.

Purcell et al (2002) note that differences in employers' needs exist between specialist professional and technical occupations and more general management, administration and service occupations. In the former, specific degrees – often in STEM subjects – appear to

be a clear requirement, linked with the possession of specialised technical and occupational knowledge. This is indeed the area where employers still struggle to fill their recruitment quotas – despite the expansion of graduates in supply. In the latter type of occupations, on the other hand, the link between degrees and jobs appears to be looser: Purcell et al (2002) found that employers regarded graduate status 'as a proxy for potential' and were more concerned with competences than qualifications per se, including generic skills such as communication and team working skills and personal attributes when selecting graduates. Dawson et al (2006) in their study of graduate skills and recruitment in the City found that the vast majority of financial services employers targeted graduates who did not specialise in any particular subject, and attached a higher value and selected candidates on the basis of behavioural skills and attributes rather than specific knowledge. The increasing focus on generic or transferable skills by employers is reflected in their selection methods – as information about applicants is increasingly acquired through competency-based selection methods and the use of assessment centres (Purcell et al, 2002; Raybould and Sheedy, 2005; Dawson et al, 2006; AGR, 2013a).

Relevant work experience is also highly valued by employers, and appears to be an increasingly important criterion for selection. Numerous studies in graduate employability (UKCES, 2009; Hall et al, 2009; Muldoon, 2009; Lowden et al, 2011; Brooks, 2012a, 2012b; Wilton, 2012) and surveys of graduate employers (cf. AGR, 2013a; Highfliers, 2014) show that employers overwhelmingly value work-experience and work-based learning as a marker of employability and talent in the graduates they recruit. Findings by the Higher Education Funding Council for England (2002), Purcell et al (2013) and the Department for Business, Innovation and Skills (2013) also show that previous work experience during studies is associated with more positive employment outcomes upon graduation, and that the lack of prior work experience is associated with a considerably increased risk of unemployment. Undertaking unpaid work during studies was also found by Purcell et al (2013) to considerably increase graduates' chances of being in a 'good' graduate occupation post-graduation – a finding with potentially problematic implications from a social mobility perspective, given the difficulties for students from lower socio-economic backgrounds to engage in unpaid work activities and unpaid internships.

3.2 Evidence from secondary data sources

3.2.1 Evidence from the Association of Graduate Recruiters

The Association of Graduate Recruiters (AGR) is an employer-led membership organisation, whose goal it is to ensure that all their members can recruit and develop the best student talent for their needs and the needs of the UK economy. It has a diverse network of over 700 members across both the public and private sectors. The Association of Graduate Recruiters surveys its members twice a year, in the summer and the winter, asking about different topic areas in each season. The surveys are typically based on responses from around 200 members.

Size information on members is not available, although most are large organisations with mostly large establishments, and so are not representative of the business population as a whole, although for comparative purposes the results can be compared with those from large establishments (250 or more employees) in the Employer Skills Survey and Employer Perspectives Survey.

Using responses to the winter surveys as a proxy for overall membership, the sector with the greatest number of Association of Graduate Recruiters' members is law (around 16% of respondents to the winter surveys), followed by engineering or industrial companies (around 11%). Other common sectors are banking or financial services (8%), retail (7%), public sector (7%), and consulting or business services firms (7%). The Association of Graduate Recruiters surveys use their own sector definitions which do not readily map onto the Standard Industrial Classification used in Chapter 2.

Size of graduate intake

Table 3.1 shows that two fifths of Association of Graduate Recruiters survey respondents take between one and 25 graduates per year (small scale graduate recruiters), just over one third take between 26 and 100 graduates per year, and just over one in five take more than 100 per year (ie large scale graduate recruiters).

Table 3.1: Size of annual graduate intake of AGR members, 2008/09-2011/12 (column %)

	2008/09	2009/10	2010/11	2011/12
No vacancies	5.1	1.4	4.2	2.5
1-25 vacancies	37.2	39.3	40.2	39.1
26 - 100 vacancies	36.7	37.5	34.2	35.1
101+ vacancies	20.4	21.8	21.4	23.3
Total (000s)	153.6	174.3	301.5	629,500

Source: Association of Graduate Recruiters Winter Surveys 2010-13

Very few Association of Graduate Recruiters members take on no graduates per year, which is to be expected given the survey population (employers who recruit graduates) and likely response bias (those who have not recruited in a particular year may be less likely to respond), but the numbers taking on no graduates fluctuates from year to year.

Those recruiting small numbers tend to do it in one intake (77%); whereas those recruiting large numbers tend to do it in more than one intake (41%, compared with 37% having one intake, and 20% having a rolling programme).

The size of graduate intake for 2011/12 varied by sector:

- Accountancy firms tended to have a large intake, with 60% taking on 101 or more graduates.
- Investment banking and IT/Telecommunications tended towards large intakes, with 46% and 44% respectively taking on 101 or more graduates.
- Around one third of employers in banking or financial services, retail and construction had large intakes of 101 or more graduates and those with medium intakes (26-100 graduates) outnumbered those with small intakes (25 or fewer graduates) in these sectors.

- Public sector respondents had a spread of intake sizes, with some respondents taking on no graduates and others taking on 101 or more.

- Three quarters of fast moving consumer goods (FMCG) respondents had medium intakes (26-100 graduates), and a quarter had small intakes (25 or fewer graduates).

- More than two fifths of consultancy/business services firms and engineering/industrial companies had small intakes, although around a quarter had large intakes.

- The majority of law firms, and those in the energy, water or utility sector, had small intakes of 25 or fewer graduates.

3.2.2 Evidence from Graduate Recruitment Bureau

Graduate Recruitment Bureau (GRB) is a specialist graduate and student recruitment service connecting graduates with graduate recruiters across the UK. They have a sophisticated database that captures details of the employers they work with and the vacancies placed with them; and of the students and graduates registered with them including details of successful placements.

Graduate Recruitment Bureau provided IES with a dataset with information on the vacancy and employer, for a random sample of around 1,500 vacancies, with just under 600 employers, into which they successfully placed candidates between 2007 and 2013.

Employer sector

Graduate Recruitment Bureau data on employer sector are recorded using their own sectoral categories, and these have been mapped as a 'best fit' on to the SIC to aid comparability with the other data sources. Table 3.2 shows the breakdown by SIC sector and shows that the largest sector was business services, which accounted for 43% of employers and 40% of vacancies, followed by transport and communications (20% of employers, 24% of vacancies) and manufacturing, utilities and construction (21% of employers, 19% of vacancies). The largest individual sectors were recruitment within business services (16% of all employers), information technology within transport and communications (14% of all employers) and engineering in manufacturing, utilities and construction (11% of all employers).

Table 3.2: Sectoral breakdown of employers and vacancies, GRB, 2007-2013 (column %)

	Employers		Filled vacancies	
	Number	%	Number	%
Manufacturing/utilities/construction	120	21	290	19
Retail/catering	30	5	90	6
Transport/communications	120	20	370	24
Financial services	50	8	120	8
Business services	260	43	610	40
Public sector/other	20	3	50	3
Total	590	100	1,520	100

Source: Graduate Recruitment Bureau

Employer size

Size information on employers is not recorded systematically by Graduate Recruitment Bureau, although for around half of the sample provided there were details of employer size. Just under half (46%) of employers with size details were small employers (up to 50 employees), while 17% were medium (up to 200 or 250 employees; two different cut-offs used), and 37% were large (200/250 plus employees). This is in contrast to the Association of Graduate Recruiters data which is predominantly from large employers.

Table 3.3 shows the size breakdown by sector, and shows that employers in business services were smaller on average, with nearly two thirds (63%) being small and only one in five being large, while the majority of employers in the manufacturing, retail, financial services and public sector/other sector were large.

Table 3.3: Size breakdown of employers by sector, GRB 2007-2013 (row %)

	Small	Medium	Large	N=
Manufacturing/utilities/construction	27	17	56	60
Retail/catering	8	8	85	10
Transport/communications	46	25	29	60
Financial services	29	7	64	30
Business services	63	17	20	130
Public sector/other	33	11	56	10
Total	46	17	37	300

Source: Graduate Recruitment Bureau

Vacancy occupation

Employers posting vacancies with Graduate Recruitment Bureau can give a number of occupations (vacancy subjects) connected to that vacancy, and so the number of occupations exceeds the number of vacancies. As with employer sector, Graduate Recruitment Bureau use their own categorisation of vacancies, and these have been combined to produce meaningful groups that as much as possible map onto the SOC

codes and the categorisation of graduate jobs from Destinations of Leavers from Higher Education.

Business occupations were the most commonly listed occupation, accounting for just over one third (35%) of all vacancies (Table 3.4). This was closely followed by analytical/science (24%), marketing/sales/advertising (24%) and IT (22%). The 'other occupations' category covered a wide range of occupations, with languages, and health and social care being the most commonly mentioned.

Table 3.4: Occupational breakdown of vacancies, GRB 2007-2013

	Number	%
Business	530	35
Analytical/science	360	24
Marketing/sales/advertising	360	24
IT	330	22
Engineering/manufacturing	260	17
Banking/finance/insurance	160	11
Management	100	6
Retail	80	5
Publishing/media	80	5
Other occupations	240	16
Total	1,520	

Note: percentages sum to more than 100% as employers can specify more than one occupation per vacancy

Source: Graduate Recruitment Bureau

Occupation was closely linked with the sector of the employer. Table 3.4 shows the occupational breakdown of vacancies by sector, and shows that:

- 87% of vacancies in the financial services sector were in banking, finance and insurance occupations.
- 67% of vacancies in manufacturing/utilities/construction were for engineering or manufacturing occupations.
- 66% of vacancies in the business services sector were for business occupations.
- 62% of vacancies in the retail and catering sector were for retail occupations.
- 61% of vacancies in the transport/communications sector were for IT occupations.

Vacancies in the public sector/other sectors were predominantly for analytical/science occupations, and for 'other' occupations.

Table 3.5: Occupational distribution of vacancies by sector, GRB 2007-2013 (column %)

	Man./ utilities/ con.	Retail/ catering	Transport/ comms	Financial services	Business services	Public sector/ other	All sectors
Business	9	16	17	11	66	18	35
Analytical/science	15	28	21	35	23	69	24
Marketing/sales/ advertising	19	38	23	3	29	4	24
IT	6	7	61	19	9	4	22
Engineering/ manufacturing	67	16	3	0	6	6	17
Banking/finance/ insurance	5	4	5	87	4	0	11
Management	13	10	5	5	4	2	6
Retail	6	62	0	0	1	0	5
Publishing/media	0	2	14	0	4	4	5
Other occupations	23	37	14	4	10	61	16
N=	290	90	370	120	610	50	1,520

Note: percentages sum to more than 100% as employers can specify more than one occupation per vacancy

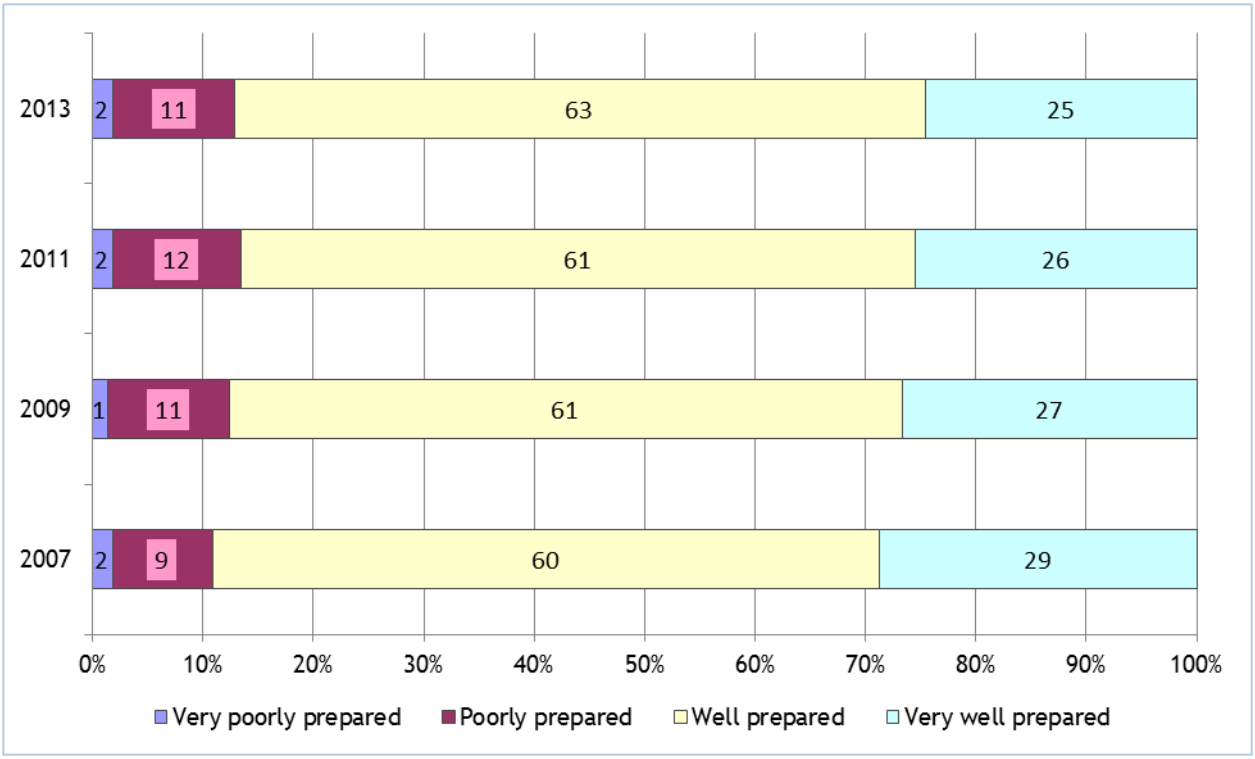
Source: Graduate Recruitment Bureau

3.2.3 Employability of graduates – how well prepared for work are graduates? Evidence from the Employer Skills Survey

Respondents to the Employer Skills Survey who had taken on a graduate were asked to indicate how well prepared for work they felt graduate recruits were. Although graduate recruiting establishments' views on the work preparedness of graduates are largely positive, they have become slightly less positive since 2007, albeit little changed between 2011 and 2013, as Figure 3.1 shows.

Views on the work preparedness of graduates improve with employment size among smaller establishments, before plateauing among those with 25 or more employees (Table 3.6). One in five establishments with under five employees, and 15% of those with between five and nine employees, rate their graduate recruits as poorly or very poorly prepared for work, compared with only 5% of establishments with 250 or more employees.

Figure 3.1: Work preparedness of graduates, 2007 to 2013



Note: Figures for 2007 and 2009 are England only; figures for 2011 and 2013 are UK; excludes "Don't know" and "Varies too much" responses

Source: Employer Skills Survey 2007 to 2013

Table 3.6: Preparedness of graduates by establishment size, 2013 (row %)

	Very poorly prepared	Poorly prepared	Well prepared	Very well prepared	Mean	N=
2-4	5.1	16.3	55.4	23.2	2.97	44,100
5-9	2.1	13.3	60.7	23.8	3.06	46,600
10-24	1.3	9.9	64.1	24.6	3.12	56,900
25-49	0.6	7.6	64.6	27.2	3.18	33,100
50-99	0.4	7.6	66.2	25.7	3.17	21,800
100-249	0.2	6.7	67.9	25.3	3.18	14,600
250+	0.0	5.2	72.7	22.1	3.17	7,300
Total	1.9	11.0	62.5	24.6	3.10	224,500

Note: Figures excludes "Don't know" and "Varies too much" responses; mean calculated on 1='Very poorly prepared' and 4='Very well prepared'

Source: Employer Skills Survey 2013

Education establishments give the highest rating to the work preparedness of graduate recruits, while those in the agriculture, and transport, storage and communications sectors give the lowest ratings (Table 3.7).

Table 3.7: Preparedness of graduates by sector, 2013 (row %)

	Very poorly prepared	Poorly prepared	Well prepared	Very well prepared	Mean	N=
Agriculture, hunting, forestry and fishing	5.0	18.5	51.3	25.2	2.97	2,900
Mining and quarrying	-	-	-	-	-	-
Manufacturing	3.2	11.9	60.8	24.0	3.06	8,800
Electricity, gas and water supply	2.3	9.6	65.2	22.9	3.09	1,000
Construction	3.5	7.6	63.6	25.3	3.11	5,700
Wholesale/retail trade	1.4	9.5	63.3	25.7	3.13	42,700
Hotels and restaurants	1.0	9.8	68.2	20.9	3.09	25,800
Transport, storage and communications	4.5	14.6	58.6	22.4	2.99	14,400
Financial services	0.8	11.1	69.1	18.9	3.06	6,800
Real estate, renting and business activities	2.2	14.9	60.9	21.9	3.02	55,800
Public admin. and defence, compulsory social security	0.5	5.0	71.3	23.2	3.17	4,100
Education	0.3	4.9	57.5	37.3	3.32	20,700
Health and social work	2.1	9.8	64.9	23.2	3.09	20,800
Community, social and personal service activities	2.1	9.8	60.5	27.6	3.14	14,700
Total	1.9	11.0	62.5	24.6	3.10	224,500

Source: Employer Skills Survey 2013

Graduate deficiencies

Establishments who felt that higher education leavers were poorly or very poorly prepared for work were asked in what ways they felt they had been poorly prepared. The most commonly cited deficiency was a lack of experience of the world of work, or life in general, or a lack of maturity, with three fifths of establishments reporting this as a deficiency among higher education leavers they had recruited (Table 3.8). This was followed by a lack of required skills or competencies (39%) and a poor attitude or personality, or a lack of motivation (36%).

Table 3.8: Deficiencies of graduates, 2013 (column %)

	Number	% of establishments reporting graduate deficiences	% of establishments who had recruited university/HE leavers
Lack required skills or competencies	11,300	39.2	4.8
Literacy/numeracy skills	1,700	5.8	0.7
Poor education	1,900	6.4	0.8
Lack of common sense	3,900	13.6	1.7
Poor attitude/personality or lack of motivation	10,400	36.0	4.4
Lack of working world/life experience or maturity	17,400	60.4	7.5
Other	500	1.8	0.2
Total (Establishments reporting graduate deficiencies; Weighted N=)	28,900	100.0	12.3
Total (Establishments who had recruited university/HE leavers; Weighted N=)	234,200	-	100.0

Source: Employer Skills Survey 2013

Table 3.9 shows the trend since 2009 in responses regarding deficiencies of higher education leavers. The proportion of establishments reporting a lack of required skills or competencies has fallen, from 45% in 2009 to 39% in 2013, while the proportion citing a lack of working world/life experience or maturity has increased, from 54% to 60%.

Table 3.9: Deficiencies of graduates by survey year, 2009 to 2013 (column %)

	2009	2011	2013
Lack required skills or competencies	44.7	41.1	39.2
Literacy/numeracy skills	4.5	6.1	5.8
Poor education	5.4	4.9	6.4
Lack of common sense	15.6	11.6	13.6
Poor attitude / personality or lack of motivation	37.0	31.2	36.0
Lack of working world / life experience or maturity	53.8	57.6	60.4
Total (Weighted N=)	16,700	27,400	28,900

Note: Figure for 2009 is England only; figures for 2011 and 2013 are UK; excludes 'Other' and 'Don't know' responses

Source: Employer Skills Survey 2009 to 2013

3.2.1 Graduates alongside other young entrants – evidence from Employer Skills Survey

Just over half of all establishments in the Employer Skills Survey that recruited graduates in 2013 did not recruit school or college leavers, while a quarter recruited both school and

college leavers in addition to graduates (Table 3.10). Establishments that take on only graduates are the most common type of recruiters of young people aged under 25, accounting for 26% of the total, followed by those who take on school students only (22%), and those who take on all three groups of young people (13%).

Table 3.10: Patterns of recruitment of young people, 2013 (column %)

	Number	%	% of grad recruiters	% of non-grad recruiters
Graduates only	121,400	25.5	51.9	-
Graduates & college students	27,500	5.8	11.8	-
Graduates & college & school students	59,600	12.5	25.5	-
Graduates & school students	25,600	5.4	10.9	-
College students only	58,000	12.2	-	24.0
College & school students	53,600	11.3	-	22.1
School students only	105,200	22.1	-	43.5
Don't know what young people recruited	25,200	5.3	-	10.4
Total (Weighted N=)	476,300	100.0	100.0	100.0

Source: Employer Skills Survey 2013

4 Reaching out to graduates and students

This chapter looks at the methods, channels and mechanisms that employers use to reach out to graduates and students. In particular it investigates, from the employer perspective, the timing of recruitment, advertising methods, and targeting of universities, and from the graduate perspective, how they found their jobs.

In addition to presenting evidence from the literature, the chapter presents findings from the following data sources:

- Association of Graduate Recruiters Winter surveys for 2010 to 2013
- The 2012 UK Commission for Employment and Skills Employer Perspectives Survey (EPS)
- Destinations of Leavers from Higher Education surveys for 2006/07 to 2010/11

4.1 Evidence from the literature

4.1.1 Employers' practices of graduate recruitment and selection

The literature about trends in graduate destinations reviewed above suggests that, over the 1990s and 2000s, occupational destinations of graduates have undergone a process of increasing diversification, and the distinction between graduate and non-graduate occupations are no longer as clear cut as they were in the 1990s. The earnings premium attached to degrees appears to be decreasing, and the occupational and employment prospects of recent graduates, especially in the post-recession context, have worsened over time. The pool of graduates entering the labour market is increasingly diverse in terms of background and demographic characteristics; however, socio-economic background – mainly mediated through educational achievement, but not solely – continues to affect the occupational outcomes of graduates. We now turn our attention to the body of literature focused specifically on employers and their recruitment and selection practices – looking at how the recruitment practices have evolved over time (as documented in the academic and practitioners' literature) in response to structural changes and challenges, as well as what the social mobility implications of these practices are.

The literature suggests that, alongside the gradual expansion of higher education and the corresponding diversification of graduates' occupational destination, employers practices of graduate recruitment and selection have also evolved over time to respond and adapt to changes both in the supply and the demand of graduate labour. The key challenges facing employers relate on one hand to the expansion of the available pool of graduates to select from as a consequence of higher education 'massification', which has led to the need for more effective recruitment and selection methods capable of screening out the candidates with the right attributes and skills set from an increasingly large and diversified pool of potential application. On the other hand, the context of the recession and the tough

economic climate compounds the problem of over-supply of graduates in a context of shrunk demands (McCracken et al, 2012) whilst also leading to increased competition amongst employers to recruit graduates and secure the best talent in a cheap and cost-effective way (CIPD, 2013b). These trends lead to changes in the recruitment and selection strategies used by employers, and also to changes in their requirements in relation to graduates' attributes and skills.

The following sections explore some of these trends in light of the available evidence. The literature that discusses methods of graduate recruitment and selection is mainly centred on employer-based studies. What emerges from various studies is that recruitment and selection practices vary heavily according to the size of the organisation, according to whether they are established graduate employers or new graduate employers and what role are graduates being recruited for, and according to the size of their graduate recruitment effort.

4.1.2 Types and methods of recruitment

In their study of employer engagement with higher education institutions, Hogarth et al (2007) propose a classification of different types of graduate recruitment, based on an earlier study by Purcell and Hogarth (1999). Similar to the classification proposed by Connor et al (2003), they distinguish between fast-track management schemes (designed to fill senior managerial positions in the organisation), sub-fast track management schemes, recruitment of graduates to specialist positions (often requiring a specific degree or technical knowledge), localised management schemes (serving a specific region), and instances of ad hoc, 'just in time' recruitment to fill a particular position – most popular within small and medium-sized enterprises and 'new' graduate employers. These different types of recruitment reflect on one hand the increasing diversity in the supply of graduates – who, therefore, differ in their aspirations and are ready to take on a wider range of jobs, but also the increasing differentiation in the range of jobs and occupations that are open to graduates, including in organisations without an established history of graduate recruitment.

Differences in recruitment methods appear to be mainly driven by the size of the organisation and whether they were established or new recruiters of graduates. Well-established recruiters of graduates were generally found to have a more structured and strategic approach to graduate recruitment, which involved promotion of recruitment opportunities to students whilst still at university and various stages of selection involving interviews, assessment centres and other sifting methods. Connor et al (2003) found that in most large organisations, 'just in time' ad hoc recruitment co-existed alongside structured graduate schemes. For smaller or 'newer' organisations in the graduate labour market, ad hoc recruitment constituted the dominant approach, and the recruitment process was found in general to be less structured (Purcell et al, 2002; Connor et al, 2003; Hogarth et al, 2007).

Technological developments since the late 1990s have also determined considerable changes in graduate recruitment methods, as internet-based methods started to emerge as one of the preferred methods to advertise vacancies and manage applications (Lievens et al, 2002; Connor et al, 2003; Barber, 2006; Sackett and Lievens, 2008; Branine, 2008).

This trend has, unsurprisingly, consolidated over time: the 2013 Association of Graduate Recruiters' employers survey (AGR, 2013a, p. 45) confirms the findings from previous research showing that 96% of large employers had used an online promotions tool as part of their recruitment efforts, including company websites, social media and online job boards, and the same trend appears evident from findings of the 2013 Chartered Institute of Personnel and Development Resourcing and Talent Planning survey (CIPD, 2013). Online recruitment methods were also found to be particularly popular with small and medium-sized enterprises, who found them cheaper and more accessible than more expensive dissemination methods such as print material. Many employers, however, perceived that online promotion complemented their face-to-face activities, which were still considered the most effective method of engaging potential applicants – although it is important to note that this is likely to concern specifically large employers, who are the main group covered by the Association of Graduate Recruiters' research (AGR, 2013a).

The growth in online recruitment methods has, in turn, spurred the growth of a body of research concerned with understanding the effectiveness and potential drawbacks of online based recruitment methods (cf. Leece, 2005; Allen et al, 2007; Parry and Thyson, 2008; Wesselinke, 2012).

Another growing trend, especially for large organisations, is the outsourcing of recruitment marketing and administration to specialised agencies (Connor et al, 2003), which take on a range of services such as designing advertising, developing web-based promotion and application tools and also taking part of the application administrative processes (such as handling and pre-screening applications). In his survey of recruitment methods, Branine (2008) found that recruitment agencies were still less popular than other more traditional recruitment methods, and used by approximately only 15% of employers. This proportion seems to have increased over time, as a Chartered Institute of Personnel and Development employers' survey in 2013 found that 28% of organisations had combined in-house recruitment with outsourcing approaches – although only 3% had completely outsourced their recruitment activities. Spending on recruitment agencies was however found to have decreased in the context of the recession, probably as part of an overall effort by organisations to reduce costs associated with recruitment (CIPD, 2013b).

4.2 How do graduate recruiters recruit graduates? Evidence from secondary data sources

4.2.1 Evidence from the Association of Graduate Recruiters

The majority of Association of Graduate Recruiters employers (approximately three in five) had one intake of graduates per year, while around a quarter had more than one intake per year, one in 10 had a rolling programme of recruitment, and a few had an ad-hoc approach to recruitment. Ad-hoc recruiters tend to be small recruiters (taking less than 25 graduates per year), and those with rolling programmes tend to be large recruiters.

There has been little change in the approach of Association of Graduate Recruiters' companies to the timing of recruitment in recent years.

Print vs online marketing

Table 4.1 shows the recent trends in marketing activities undertaken by Association of Graduate Recruiters' respondents. The Association of Graduate Recruiters survey data for the last four years shows a clear shift from print based marketing towards online presence: the vast majority (96%) of employers used online promotion but still four in five had a print-based presence. Campus-based activity remained important however, only declining very slightly in recent years.

Table 4.1: Graduate recruitment marketing activities undertaken by AGR members, 2010-2013 (column %)

Graduate recruitment marketing activities	2010	2011	2012*	2013
Brochure/company website	92.8	90.9	-	-
Advertising	86.7	89.8	-	-
Print including company brochure/directories			82.9	81.9
Careers fairs/campus presentations or promotion	89.7	91.9	88.8	87.8
Online promotion	72.8	79.2	96.1	96.3
Student competitions	-	-	25.9	33.5
Other (eg promotional items)	-	-	37.1	34.6
Base (N)	195	197	205	188

Note: answer options changed between 2012 and 2013
Source: Association of Graduate Recruiters Winter Surveys 2010-2013

The growth in online presence suggests a broadening of reach, yet, with continued importance of campus-based presence there may be some degree of higher education targeting:

> *'although online strategies are now a central feature of members' marketing campaigns, employers were also keen to emphasis the value of face-to-face activities such as careers fairs to complement online marketing … it was also noted that the level of face-to-face activity is likely to be reduced and become more targeted in the context of budgetary constraints' (AGR winter survey 2013, p45/46).*

In terms of differences in marketing approaches by regularity of recruitment and size of recruitment activity, key points to note are:

- Print based marketing was more common among those with a rolling programme of recruitment or those with larger intakes, and least common among those with just one in-take per year.

- There was very little difference in use of online methods by regularity of recruitment or size of recruitment.

- Student competitions were much less common among those with only one recruitment round per year, and more common among those with more regular or rolling recruitment or those with large scale graduate recruitment.

- Campus work was more common among those with more than one intake or a rolling programme of recruitment, and less common (though still undertaken by the vast majority) among small scale recruiters.

In terms of differences in marketing approaches by sector, key points include:

- Print-based marketing was much less common among public sector, FMCG and energy/utilities companies.

- Online promotion was fairly consistent across all sectors (slightly lower in investment banking, and banking and finance but is pretty ubiquitous).

- Student competitions were more common in IT/Telecoms, consultancy/business services, banking and financial services and accountancy; but relatively rare in public sector, engineering, construction and transport and logistics.

- Campus based marketing activity was less common for public sector, and utilities companies (and to a certain construction sector). But all consultancy/business services, banking and financial services, IT/telecommunications, and FMCG do campus based marketing of some kind.

Attraction mechanisms

The Association of Graduate Recruiters surveys show little use of attraction mechanisms in recruitment. Most graduate recruiters (approximately three quarters of Association of Graduate Recruiters' companies) do **not** pay educational premiums, and this proportion is increasing over time.

Where premiums were paid these tended to be for higher level qualifications (particularly PhD) rather than work experience. This is not to say that employers did not want or value work experience among applicants, just that they did not expect to pay 'extra' for it.

The use of educational premiums varied by sector:

- PhD premiums were more likely in investment banking and law firms (plus consultancy, construction and FMCG).

- MBA premiums were more likely in investment banking and banking and financial services (also engineering).

- PG premiums were more likely in construction, FMCG and engineering.

- Work experience premiums were more likely in engineering.

- Those with a rolling programme of recruitment were more likely to pay premiums for additional qualifications and work experience (indicating greater flexibility or more focused recruitment); and they were more likely to provide additional financial incentives for new graduate recruits (number here are relatively small).

Approximately one in three employers offered some kind of relocation package/allowance to graduate recruits (corresponding with challenges in finding graduates in the right localities); and this was the most likely financial 'extra' offered to new graduate recruits.

Those with a larger graduate intake were more likely to offer additional financial incentives to graduates:

- Golden hellos – particularly those recruiting between 100 and 500 graduates per year. Also more likely to be offered by investment banking, banking/financial services, and engineering companies.

- Relocation allowance – particularly those recruiting between 100 and 500 graduates per year. Also most likely to offered by banking/financial services and FMCG companies; and those with a rolling recruitment programme.

- Those least likely to offer financial incentives were those recruiting less than 100 graduates per year. Similarly those least likely to offer financial incentives were from: public sector, retail, accountancy/professional services, consulting/business services, and transport and logistics organisations.

Previous surveys showed that the vast majority (more than four in five) of companies offered training for professional qualifications for their graduate recruits.

Otherwise it is difficult to derive any patterns in the financial incentives offered to graduate recruits due to changes over time in the questions asked in the Association of Graduate Recruiters' surveys.

4.2.2 Evidence from the Employer Perspectives Survey

The Employer Perspectives Survey asks establishments about the channels used for recruitment, and Table 4.2 shows the channels used to fill roles that young people were recruited to, by age of young person and occupational level. Key points to note are:

- Word of mouth/personal recommendation was the most common channel used by all establishments recruiting young people, although its use was lower among establishments recruiting 19-24 year olds to high level jobs (19%) than among those recruiting 19-24 year olds to lower level occupations (25%) and among those recruiting under 19s only (36%).
- One in six establishments recruiting 19-24 year olds to high level jobs used recruitment agencies, and one in 12 used paid-for recruitment websites, while comparatively few establishments recruiting other young people used these channels.
- Relatively few establishments recruiting 19-24 year olds to high level jobs used notice board/shop windows, or speculative inquiries.

Table 4.2: Channels used to fill last young person role (column %)

	Recruited 16-18s only	Recruited 19-24s to SOC4-9	Recruited 19-24s to SOC1-3
Jobcentre Plus (GB), Jobcentre/Jobs & Benefits Office (NI)	7.9	17.9	10.3
Government programmes and schemes	3.0	2.1	3.0
NAS Apprenticeship Vacancy system	4.6	1.4	0.5
National newspapers	0.6	0.3	1.6
Local newspapers	6.8	9.2	10.4
Trade press/professional publications	0.4	1.0	2.8
Recruitment agencies	2.8	7.5	16.0
Paid for Recruitment websites	0.9	2.8	8.2
School/college/university job fairs or career services	8.8	4.9	8.1
Connexions	0.1	0.3	0.0
Word of mouth/personal recommendation	36.4	24.9	19.0
Internal notices/filled it internally	4.6	7.6	7.1
Own website	6.0	11.3	11.4
Social media	1.5	1.0	1.5
Other free websites	1.3	3.9	6.2
Notice boards/shop windows	9.3	7.8	1.9
Speculative enquiries	8.6	6.9	3.8
Other	6.0	3.4	5.5
Don't know	1.7	1.8	2.8
Total (Weighted N=)	69,600	328,100	66,300

Source: Employer Perspectives Survey 2012 (multiple response question so sum of % may be greater than 100).

4.2.3 How do graduates find jobs? Evidence from Destinations of Leavers from Higher Education

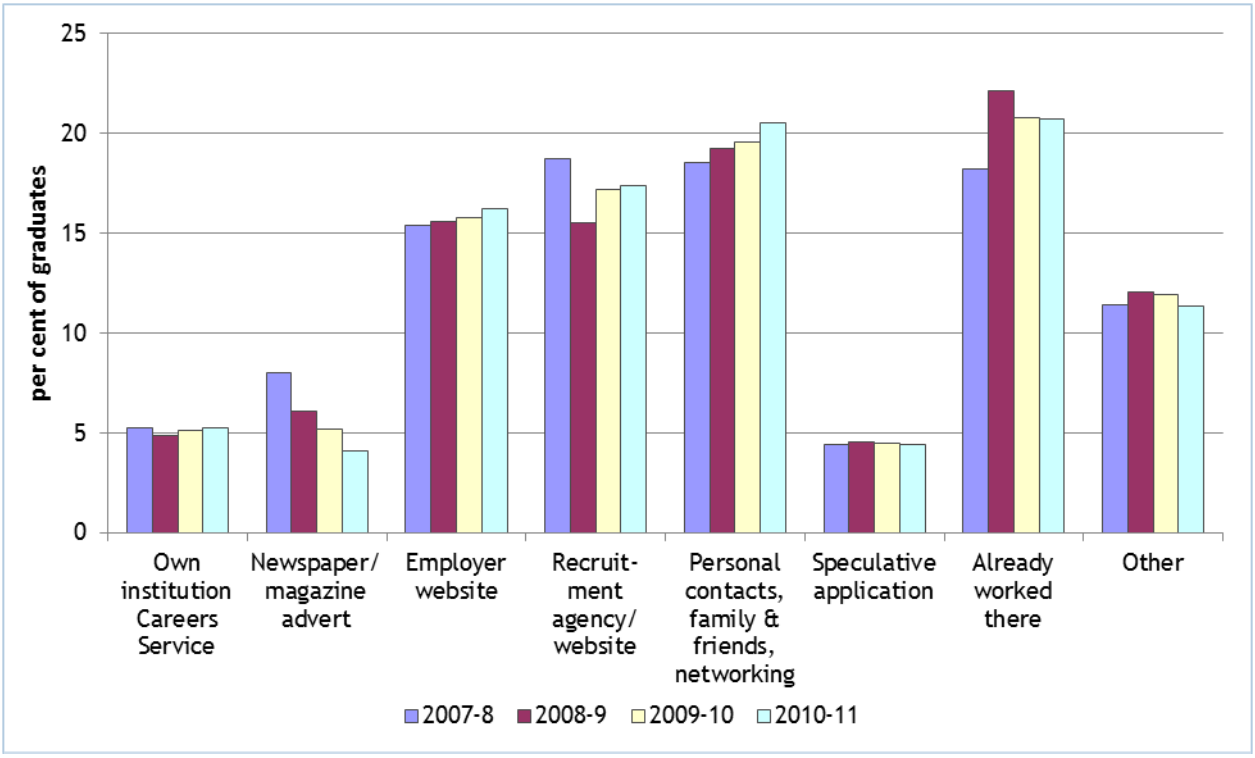
This section reports on individual-level survey responses to how graduates found their jobs from Destinations of Leavers from Higher Education, rather than the employer-level survey responses about how they recruited graduates.

This section examines data from question 15 on the Destinations of Leavers from Higher Education survey: 'How did you first find out about this job?', an optional question that was answered, in the 2010/11 survey, by 85% of employed respondents. The responses are used to gather subjective views on the methods graduates employed to successfully access the workplace. The information gained from interrogating this data is not a definitive view of employer recruitment practises, but does provide an insight into the ways that different groups of graduates interact with the jobs market and should be viewed as illustrative of variations between graduates of differing characteristics.

Any job level – graduate and non-graduate work

Figure 4.1 shows how graduates found their jobs, and shows only four years of data as the data for 2006/07 uses different categories of methods of job finding and is not compatible with subsequent years. Prior employment was the most common method for graduates to find work, but networking steadily rose during the recession and may overtake previous employment post 2010/11. The decline in print media is very starkly displayed by this graph, and the increase in the use of online media is also evident. The recruitment industry suffered a difficult recession and 2008/09 saw a sharp decline for this method. Although recovering by 2010/11, it was not yet back to the levels at the start of the downturn.

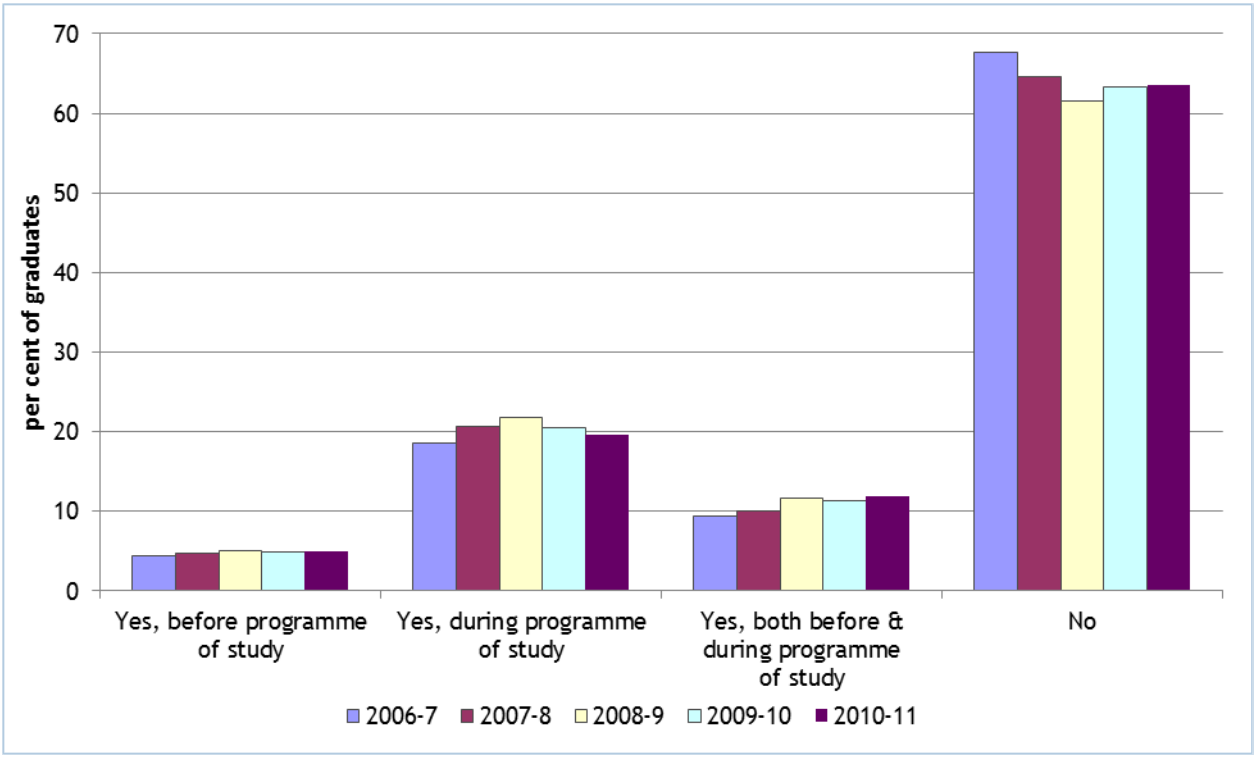
Figure 4.1: How UK-domiciled first degree graduates found the job they were doing six months after graduation from 2007/08 to 2010/11



Source: Destinations of Leavers from Higher Education 2006/07 to 2010/11

Figure 4.2 examines whether graduates had previously worked for their current employer. The majority had not, but this proportion reached a minimum in 2008/09 as the recession was at its most difficult for graduates. This would appear to be as a consequence of graduates returning to term-time employers, often in roles that did not really require higher education qualifications. Nevertheless, about one third of new graduates were with an employer that they had previously worked for, by 2010/11.

Figure 4.2: Whether UK-domiciled first degree graduates from 2006/07 to 2010/11 previously worked for the employer they were with after six months



Source: Destinations of Leavers from Higher Education 2006/07 to 2010/11

How graduates found graduate level work

The analysis presented in this section focuses specifically on jobs described as 'graduate level' using the SOC(HE) classification examined in Figure 2.11 above, but first presents, in Figure 4.3, the differences in how graduates found their jobs in 2010/11 by whether the job was a graduate one or not.

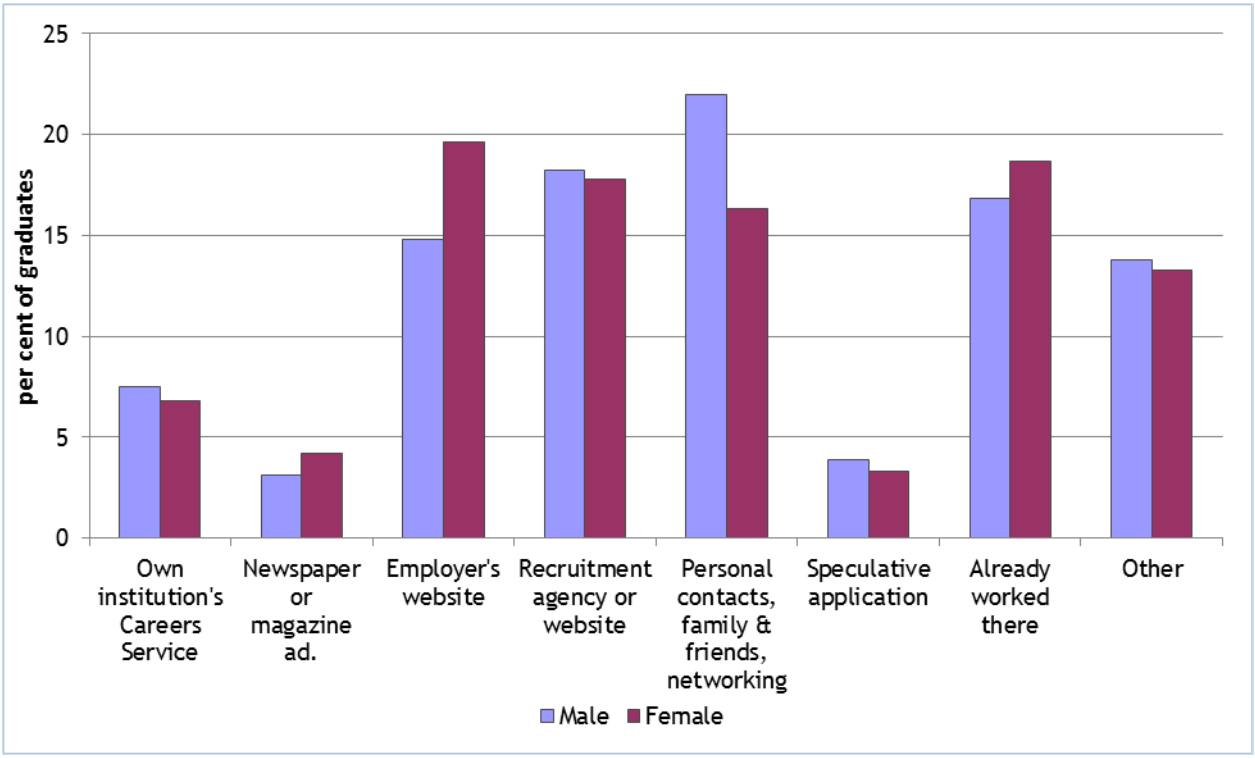
Graduates in graduate level jobs were more likely than those in non-graduate level jobs to have found work through their own institution's Careers Service, through employers' websites or recruitment agencies, or though 'other' methods, while those in non-graduate level jobs were more likely to have found work through personal contacts or by returning to a previous employer.

Figure 4.3: How UK-domiciled graduates from 2010/11 first found the job they were doing after six months, by graduate/non-graduate job

Source: Destinations of Leavers from Higher Education 2010/11

Some gender differences in how graduates found work were evident, as presented in Figure 4.4. Male graduates were more likely to use careers service and much more likely to get jobs through personal contacts, whilst women graduates were more likely to use newspapers, magazines and websites. This pattern is consistent for other years.

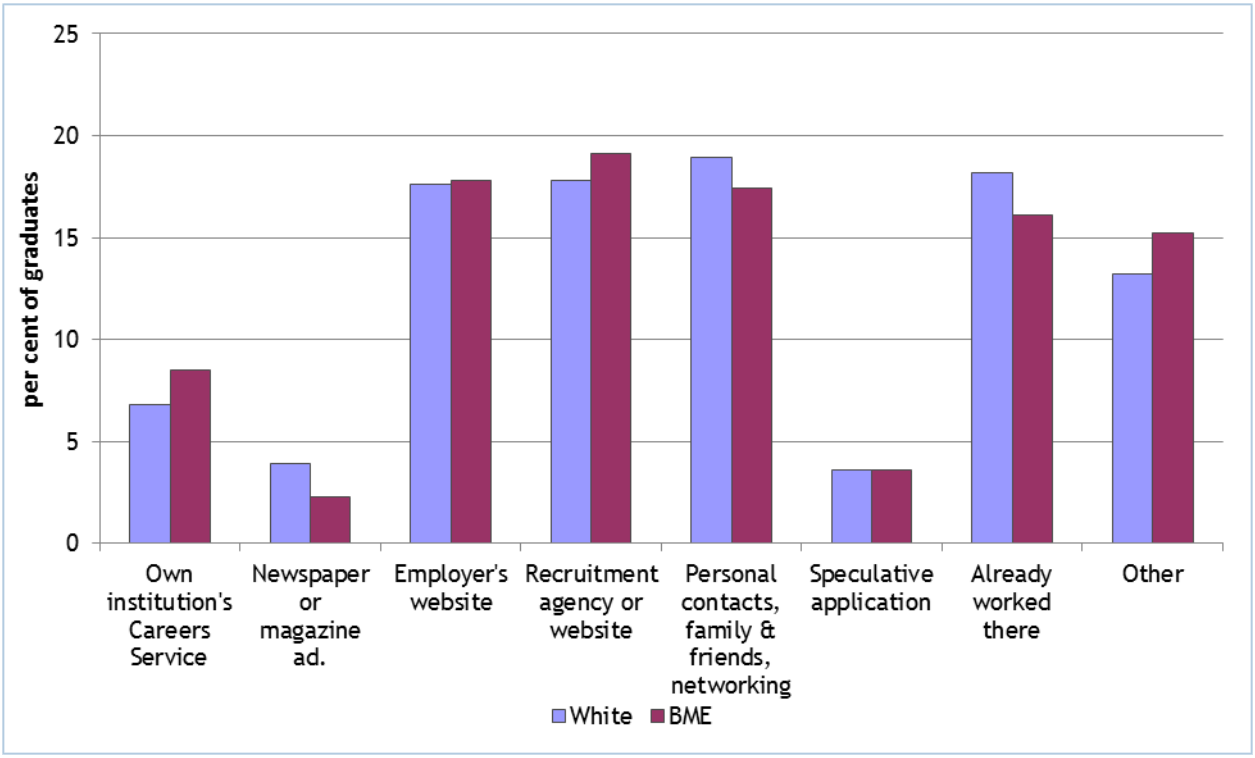
Figure 4.4: How UK-domiciled graduates from 2010/11 first found the graduate level job they were doing after six months, by gender



Source: Destinations of Leavers from Higher Education 2010/11

There were only minor differences between the job-seeking behaviour of students from minority ethnic backgrounds and their white counterparts (Figure 4.5). Minority ethnic graduates were slightly more likely to obtain their first job through their careers service or through recruitment agencies, whilst white graduates were more likely to use networks or prior work experience, but differences between the two groups were not large.

Figure 4.5: How UK-domiciled graduates from 2010/11 first found the graduate level job they were doing after six months, by broad ethnicity



Source: Destinations of Leavers from Higher Education 2010/11

Table 4.3 illustrates regional differences in job-seeking behaviour, possibly linked to background and questions of access to networks, based on graduates' region of domicile prior to their studies. Those hailing from the relatively-affluent areas of London and the South East, with their thriving graduate jobs markets, were rather more likely to find their job through personal contacts than graduates from other parts of the country, whilst a return to previous employers was more common in the northern regions of England. Careers services were particularly important for graduates from Scotland and Northern Ireland.

Table 4.3: How UK-domiciled graduates from 2010/11 first found the graduate level job they were doing after six months, by region of domicile (row %)

	Own institutions Careers Service	Newspaper or magazine ad.	Employers web site	Recruitment agency or website	Personal contacts, net-working	Speculative application	Already worked there	Other
NE	8.2	3.9	19.9	14.0	16.1	2.5	22.8	12.7
NW	6.9	3.5	19.2	17.3	17.8	3.2	20.2	11.9
YH	6.8	3.6	17.3	17.0	18.0	3.9	20.9	12.4
EM	6.5	4.4	18.8	18.8	17.6	3.5	17.8	12.6
WM	6.8	4.0	18.2	18.7	17.7	3.5	18.5	12.6
East	6.3	3.7	16.4	20.4	19.9	3.8	16.7	12.9
Lon	6.5	2.4	16.2	18.4	21.4	3.3	17.1	14.7
SE	6.5	3.7	16.5	19.6	21.1	3.7	16.0	12.9
SW	6.9	3.5	18.3	17.5	19.3	4.0	17.1	13.3
N. I.	11.8	8.0	15.1	17.0	13.6	3.8	15.3	15.3
Scot	9.6	3.3	16.7	13.8	16.1	3.7	17.7	19.2
Wales	7.2	2.9	22.6	16.5	16.4	3.5	17.4	13.5

Source: Destinations of Leavers from Higher Education 2010/11

Table 4.4 is similar to Table 4.3 but examines region of institution rather than region of domicile. As many graduates attended institutions near to their domicile, the two analyses show similar features, but there are some differences. Personal contacts were important in much of England but were a much less significant factor for graduates from Northern Irish institutions – where careers services and newspaper or magazine advertising were much more important. Much of England, with the exception of the East Midlands and the South West, saw a large proportion of graduates returning to previous employers. Recruitment agencies were unusually popular in the East Midlands and Yorkshire & the Humber, and networking in the South West, while graduates from Welsh institutions were most likely to find work through employers' websites.

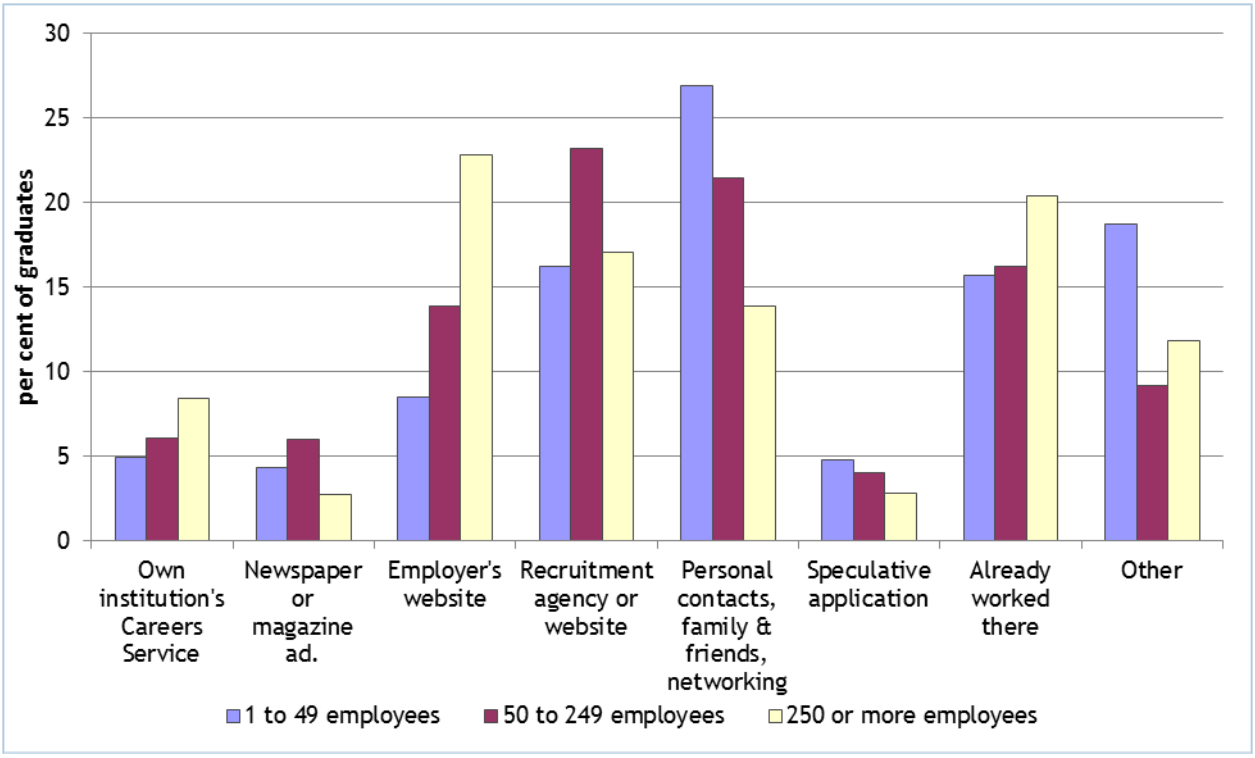
Table 4.4: How UK-domiciled graduates from 2010/11 first found the graduate level job they were doing after six months, by region of institution (row %)

	Own institutions Careers Service	Newspaper or magazine ad.	Employers web site	Recruitment agency or website	Personal contacts, net-working	Speculative application	Already worked there	Other
NE	8.3	3.3	18.8	14.7	19.6	4.6	18.7	11.9
NW	6.9	3.4	19.5	17.8	18.9	3.4	18.4	11.7
YH	5.8	3.4	17.7	20.0	19.0	4.2	18.4	11.5
EM	6.8	3.7	18.4	20.6	18.5	3.6	15.8	12.6
WM	6.9	3.7	19.5	18.2	17.2	3.2	18.2	13.2
East	7.6	3.7	17.1	17.4	17.8	3.3	20.3	12.8
Lon	6.8	2.3	15.6	17.0	19.5	3.2	18.8	16.8
SE	6.3	5.8	15.6	18.5	19.8	2.9	19.6	11.5
SW	6.2	2.8	17.3	18.8	20.9	4.2	15.6	14.1
Wales	5.9	2.9	22.5	18.1	18.6	3.4	16.6	12.1
Scot	10.0	3.1	16.7	14.2	16.7	3.7	15.8	19.9
N.I.	13.0	9.3	14.1	17.7	11.1	4.2	16.3	14.3

Source: Destinations of Leavers from Higher Education 2010/11

Figure 4.6 examines the differences in the ways that graduates found jobs at small and medium-sized enterprises and at larger enterprises. Careers services and online advertising appear to be much more important to recruitment for larger organisations, and they were also rather more likely to recruit graduates who had previously worked for them. Graduates working for smaller employers were very much more likely to have found their job through personal contacts. This is very much in keeping with the narrative of smaller businesses as being less well-resourced and with fewer links to higher education than larger employers, and hence for many graduates without existing contacts, somewhat of a 'well-kept secret'. There are implications, however for a future graduate jobs market in which small and medium-sized enterprises may play a larger role. Those students without the networks to use personal contacts effectively, may find themselves at a disadvantage in competing for the diverse opportunities available at small and medium-sized enterprises, and whilst larger, more traditional graduate recruitment schemes at large organisations are often very desirable opportunities, they represent only a part of the total jobs market. There is an argument to be made that better links between small and medium-sized enterprises and higher education may also aid social mobility and a balanced job market.

Figure 4.6: How UK-domiciled graduates from 2010/11 first found the graduate level job they were doing after six months, by employer size



Source: Destinations of Leavers from Higher Education 2010/11

This analysis indicates the necessity of ensuring that small and medium-sized enterprises get good access to higher education institutions and do not rely so heavily on personal networks for graduate recruitment.

There are also differences across occupations in how graduates found work. Some roles have different traditions and mode of entry than others. As Table 4.5 shows, recruitment agencies are very important channels into IT, marketing and sales, and business and finance, whilst employers' websites are significant for roles in health, science, and social and welfare jobs. Large proportions of graduates in management, social and welfare, and engineering jobs returned to a previous employer, while networking was especially valuable for finding jobs in the arts and for law.

Table 4.5: How UK-domiciled graduates from 2010/11 first found the graduate level job they were doing after six months, by occupation (row %)

	Own HEI's Careers Service	Newspaper or magazine ad.	Employers web site	Recruitment agency or website	Personal contacts, net-working	Speculative application	Already worked there	Other
Management	4.7	3.9	12.2	14.6	19.5	2.6	30.7	11.7
Science R&D	7.3	3.3	22.1	19.0	18.8	5.0	15.3	9.2
Engineering	9.5	3.3	15.4	19.6	17.3	3.4	22.7	8.9
IT	10.0	2.3	13.7	32.1	18.7	3.0	11.0	9.2
Health	10.4	2.4	27.0	10.6	7.3	2.6	17.7	22.1
Education	6.9	6.0	16.3	18.4	19.0	2.8	14.8	15.7
Law	5.5	4.5	14.4	20.4	26.3	7.7	13.0	8.2
Social & welfare	3.6	7.7	21.6	14.1	17.3	2.4	25.0	8.3
Business and finance	8.1	2.7	19.4	27.0	20.9	3.4	11.2	7.2
Marketing & sales	6.2	3.3	14.3	28.7	23.0	4.8	12.3	7.5
Arts, design, culture	4.6	2.8	9.6	12.7	29.6	5.1	12.8	22.9
Other professionals	6.1	4.3	14.8	15.3	24.4	6.1	19.8	9.2

Source: Destinations of Leavers from Higher Education 2010/11

5 Employer engagement with universities

This chapter presents available evidence from existing sources on how employers engage with universities around recruitment activities, and skills-related and training-related issues.

Evidence from the literature review regarding employers' targeting of higher education institutions for recruitment activities is presented first, followed by analyses using the following data sources:

- Association of Graduate Recruiters Winter surveys for 2010 to 2013
- The 2012 UK Commission for Employment and Skills Employer Perspectives Survey (EPS)

5.1 Evidence from the literature

Hogarth et al (2007) found that the most established employers of graduates – both large and small – all expressed a preference for targeting universities as part of their recruitment efforts, and especially so for graduate fast-track schemes. The 'traditional' approach to graduate recruitment by large employers used to be centred heavily, up to the 1990s, on so-called 'milkround' visits by employers to a large number of university careers fairs, mainly concentrated during the autumn term of the students' final undergraduate year and sometimes involving screening interviews for potential applicants. In this respect, the popularity of the 'milkround' recruitment method is documented to have declined over time – mainly because firms found it too resource intensive, not sufficiently focused, time consuming and 'out-dated' (Purcell et al, 2002; Branine, 2008), although it appears to be still popular as a recruitment method in some specific sectors such as large-scale financial services and banking organisations (cf. Dawson et al, 2006).

The majority of employers seem instead to prefer targeting a more limited number of universities to promote their recruitment opportunities to students – often in the context of careers' fairs which are perceived by employers to be a useful marketing and promotion tool to build a brand and advertise presence, rather than to sign up potential recruits on the spot (Purcell et al, 2002; Branine, 2008). Considering the most recent evidence, the 2013 Association of Graduate Recruiters' employers survey shows that 87% of companies surveyed made use of on-campus presentations and promotions, including career fairs, to advertise their recruitment opportunities (AGR, 2013a, p. 45). Employers also target specific universities for their recruitment efforts by building links with specific institutions and their careers' services.

The degree by – and reasons for which – employers targeted specific higher education institutions for their recruitment efforts differs heavily. The evidence in this respect comes from research undertaken at different points in time throughout the 2000s, but the main trends seem to have remained broadly constant. Technical content and rigour of courses (especially specialist courses) are particularly important for those employers aiming to

recruit for technical positions, often from students of STEM subjects. Other reasons for targeting include geographical proximity, previous positive track record in providing high calibre candidates and a need to focus resources and limit the number of potential applicants (Connor et al, 2003). The practices in higher education institution targeting and engagement also vary heavily across different organisations – whilst some, usually larger and more established employers explicitly target universities which are perceived to be 'the best' in terms of entry requirements and academic rigour (cf. Hogarth et al, 2007), others – especially smaller companies or regionally based employers – focus on building mutually-beneficial relationships with their local universities (Purcell et al, 2002; Heaton et al, 2008).

Targeting of higher education institutions by employers on the basis of an institution's reputation or academic rigour appears to be a very common practice amongst certain recruiters (for example for fast-track, high potential schemes) (cf. AGR, 2013a), but it poses serious issues from a social mobility perspective, as the exclusivity of employers' links with certain elite institutions is likely to heavily influence and limit diversity in the pool of applicants (cf. Connor et al, 2003). Targeting of higher education institutions can also be based on employers' superficial assessment of the calibre of quality of certain institutions, often biased towards 'old' universities, and partly influenced by their limited understanding of the diversity of the current higher education landscape in terms of subject offer, academic quality and graduates' profile. This in turn may lead to them missing out on a wider talent pool from newer universities (Connor et al, 2003). This issue seems still widespread in many sectors: indeed, in their review of recruitment practices by financial and banking firms in the City, Dawson et al (2006) note how competition amongst firms to recruit the 'best' graduates leads to increasing homogeneity in the universities they target, which, for a variety of historical and expediency reasons, are often limited to traditional 'old' universities. Similar tendencies appear evident in numerous other sectors.

To avoid the negative implications of the exclusivity of links with higher education institutions from a diversity perspective, Purcell et al (2002) found that 'good practice' employers, who took deliberate steps to foster diversity in graduate recruitment, coupled activities targeted at higher education institutions with wider advertisement of vacancies and opportunities in wider forums. At the same time, however, direct engagement of employers with higher education institutions and the building of links with universities' careers services and students themselves are identified in the literature as potential examples of good practice to increase graduate's employability and increase applicants' diversity. A body of literature exists that analyses specifically the main drivers and barriers to employers – higher education institutions engagement (cf. Connor and Hirsh, 2008; CIHE, 2009; CIHE, 2010). Purcell et al (2002) found that the 'best practice' employers from an equality and diversity perspective often fostered close relationships with higher education institutions – to target candidates and build relationships from early on, ensure a match between skills required by employers and those developed by students and to increase the employability of graduates from less advantaged backgrounds. One of the key ways in which academic institutions work with employers to achieve more effective operation of the graduate labour market is indeed by developing work experience programmes within undergraduate degrees (such as sandwich placements etc.). Where in-built with the curriculum, these are unanimously found to be very good ways to provide students with relevant work experience which is particularly important to employers later on, in a way that is non-discriminatory towards candidates from less advantaged socio-

economic backgrounds who may find it harder to access unpaid work experience or internships through networks (Purcell et al, 2002).

Hogarth et al (2007) found that the employers that did not target specific universities and did not build links with specific higher education institutions were either large employers with well-established graduate recruitment programmes that liaised with most higher education institutions, or small employers that advertised generally for graduates but had no capacity or resources for targeting. The study found that the benefits of employers' engagement with higher education institutions were multiple – especially in terms of matching firms' needs with the supply of graduate skills etc. – but channels were found to be absent that would allow smaller or relatively 'new' graduate recruiters to fully engage with higher education institutions.

5.2 Targeting universities – evidence from the Association of Graduate Recruiters

In terms of the targeting of UK universities for campus events or local advertising, the vast majority (90%) of Association of Graduate Recruiters' companies in the winter 2013 survey did target higher education institutions. Targeting was more common among regular or rolling recruiters (98% and 100% respectively, compared with 86% of those with one intake) and among large scale recruiters (98% compared to 84% of small scale recruiters). In terms of variation by sector, all respondents in retail, IT/Telecoms, FMCG and banking and financial services targeted higher education institutions, but targeting was less common among public services and utilities companies (67% and 72% respectively).

Focusing on those employers that did target their marketing activity, just over one third (37%) worked with between one and 10 higher education institutions, a further third (33%) worked with between 11 and 20 higher education institutions, and just under one third (30%) worked with more than 20 higher education institutions. Some sectoral differences in the numbers of higher education institutions targeted emerge:

- A majority of respondents in accountancy (56%), the public sector (67%) and construction (63%) spread the net wide by working with more than 20 higher education institutions.

- More than one third of employers in retail, consulting or business services, or banking or financial services worked with more than 20 higher education institutions, and fewer than a quarter of employers in these sectors worked with between one and 10 higher education institutions.

- More than half (57%) of FMCG companies worked with one to 10 higher education institutions, although just over a quarter (29%) worked with more than 20.

- Half of firms in investment banking or fund management, and in energy, water or utilities, worked with one to 10 higher education institutions, and the other half worked with between 11 and 20 higher education institutions.

Both the proportion of Association of Graduate Recruiters' members who targeted higher education institutions, and the number of higher education institutions targeted, have

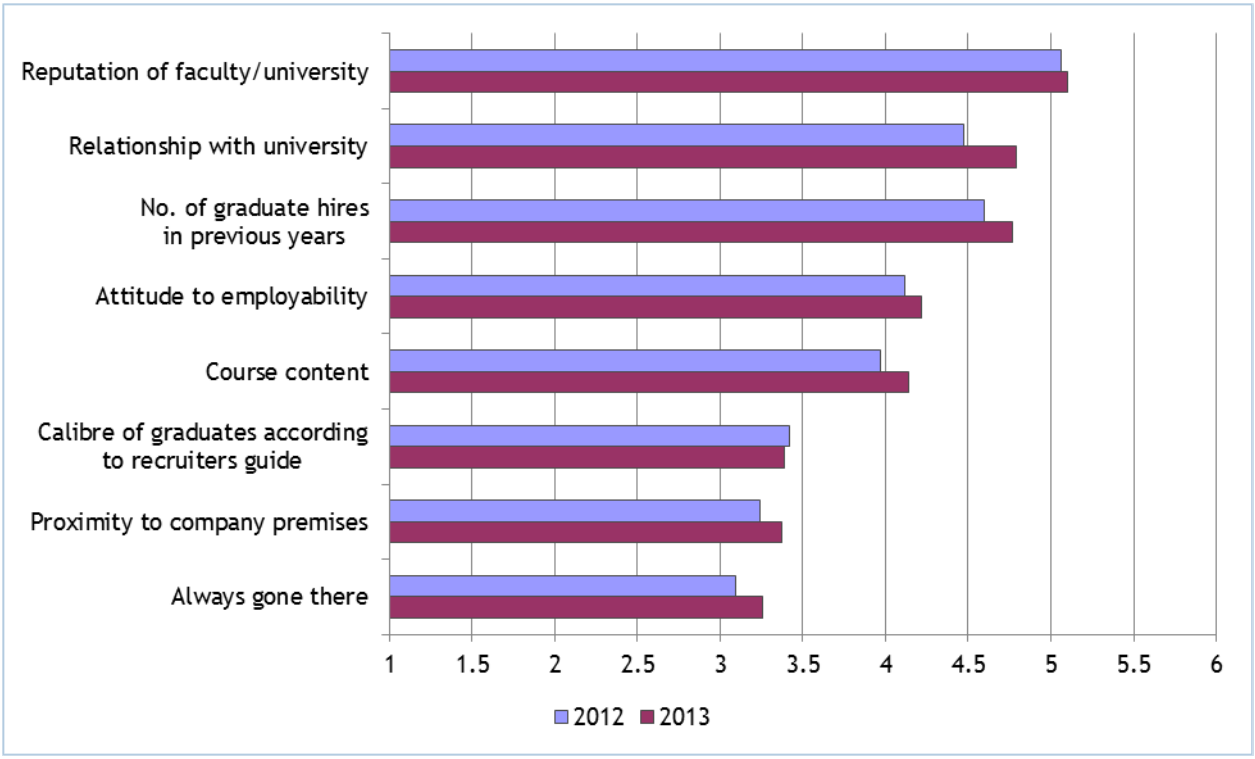
increased over the last few years. The proportion targeting has increase from 82% of companies in the 2010 winter survey, to 89% in the 2013 survey, while the proportion who worked with 10 or fewer has fallen over time, from 43% in 2010 to 37% in 2013, and the proportion working with more than 20 higher education institutions increased, from 23% in 2010 to 30% in 2013.

Reasons for targeting

The reputation of the university or course was the most important reason for targeting universities, considerably more so than the course content, although the supply of graduates was also important (ie number recruited in previous years) as was the relationship the company had with the university through its academics or the careers service (Figure 5.1). The Association of Graduate Recruiters survey does not delve into how 'reputation' is assessed or measured.

All the given reasons for targeting universities for recruitment activity increased in importance in the last year, but particularly relationships with the university. The one exception was calibre of graduates according to the Recruiters Guide to Courses and Campuses. Interestingly habit (always gone there) and location were the lowest rated reasons – suggesting some degree of flexibility in targeting.

Figure 5.1: Reasons for targeting HEIs among AGR members, 2012/13



Note: responses given on a scale where 1 = not at all and 6 = very much
Source: Association of Graduate Recruiters Winter Surveys 2012 and 2013

In terms of differences in given targeting reasons by size:

- Location of the higher education institution in terms of proximity to company premises was relatively more important for smaller recruiters.

- Medium sized recruiters were relatively more concerned about the calibre of graduates according to the Recruiters' Guide to Courses and Campuses, attitudes to employability, numbers hired in previous years, and habit (always gone there).

- Large recruiters were relatively more concerned about numbers recruited in previous years, relationship with the university, and course content.

In terms of differences in given targeting reasons by sector:

- Reputation was the key factor driving targeting by the majority of sectors, yet reputation was a lower consideration for FMCG and transport and logistics companies.

- Retail and utilities companies were driven more by their relationship with the university than other factors in their targeting strategies (this is a relatively low consideration among public sector and FMCG companies).

- Banking and financial services, FMCG and transport and logistics companies were more concerned with the number of graduates hired in previous years (this is not a key consideration for public sector companies).

- Public sector companies were much less concerned by proximity/geography issues (given their nationwide presence), calibre of graduates, and attitudes to employability or previous recruitment behaviour. These companies were also relatively less likely to be concerned about relationships with higher education institutions and course content.

- FMCG companies too were less concerned than others about calibre of graduates, relationships with universities and university reputation.

- Transport and logistics companies were less likely to target higher education institutions on the basis of previous recruitment behaviour, attitude to employability, course content, or reputation.

5.3 Employer engagement with universities – evidence from the Employer Perspectives Survey

The Employer Perspective Survey 2012 asked a number of questions about establishments' contact with universities regarding information and advice about skills and training issues, and using universities as training providers. However, questions were not asked about use of universities for marketing or recruiting, and the questions changed from the 2010 survey so comparisons over time are not possible.

5.3.1 Universities as sources of information, advice or practical help

Across all establishments, 4% had sought or received information, advice or more practical help on skills-related or training-related issues from a university in the past 12 months, and this represented 13% of establishments that had sought or received information, advice or

practical help from any external source. The most common sources were commercial or not-for-profit training providers, professional bodies, and colleges, with at least 30% of establishments that had sought or received information or help citing these sources, while local authorities, consultancies and other employers were also more widely used than were universities.

The use of universities for advice or help increased with the size of the establishment, from 3% of all micro establishments (under 10 employees), up to a quarter of all large establishments (250 or more employees). There were also sectoral variations, with use of universities highest among education and health sector establishments and lowest among those in the wholesale and retail, and hotels and restaurants sectors.

Use of universities for advice and help was also higher among:

- Establishments that recruited 19-24 year olds into high level jobs (10%)
- Establishments that offered university placements and/or internships (17%)
- Establishments which were aware of Graduate Talent Pool (9%)
- Establishments that had used Graduate Talent Pool (30%)

5.3.2 Universities as training providers

Just under half (47%) of all establishments used external training providers to deliver training for their employees in the past 12 months, and of these, 13% used a university or other higher education institution (these represented 6% of all establishments). In the 2010 Employer Perspectives Survey, the proportion of all establishments who used external training providers was higher, at around 60%, and of these 13% used a university (these represented 8% of all establishments).

Use of universities as training providers was relatively uncommon compared with other external training providers, with three quarters of establishments that used external providers using commercial organisations (consultants or training providers), 25% using FE colleges, and 24% using non-profit making organisations (eg employer associations, voluntary organisations).

Only 2% of all establishments with under five employees, and 5% of those with between five and nine employees, used a university as a training provider in the past 12 months, compared with nearly a quarter of establishments with between 50 and 249 employees, and nearly half of establishments with 250 or more employees. Establishments in the education sector (26%), health sector (20%) and public administration sector (19%) were most likely to use universities as training providers.

Use of universities as training providers was also higher among:

- Establishments that recruited 19-24 year olds into high level jobs (15%)
- Establishments that offered university placements and/or internships (22%)

- Establishments which were aware of Graduate Talent Pool (11%)
- Establishments that had used Graduate Talent Pool (27%)

Reasons for using universities as training providers

The most commonly reported reasons for using universities as training providers among establishments that used them was that they provided relevant courses, with nearly three quarters of establishments giving this reason, followed by the quality or standard of the course/training being high (16%), being good value for money (8%), and being local to the establishment (7%; Table 5.1).

Table 5.1: Reasons for using universities as training providers, Employer Perspectives Survey 2012 (column %)

	Number	%
They provide relevant courses	71,900	71.8
The quality or standard of the courses or training provided is high	15,700	15.7
Good value for money	7,600	7.6
They are local to us	7,000	7.0
We have always used them	3,900	3.8
Past use has been satisfactory	2,600	2.6
They approached us with a good offer	2,500	2.5
Legislative / contractual requirements	2,200	2.2
We have links with them	2,200	2.2
Staff choose	2,100	2.1
It is easy to find information about the courses	1,900	1.9
Recommended to us	1,900	1.9
The start dates or times of the courses are convenient	1,800	1.8
It's flexible / tailored / convenient	1,800	1.8
It's the only option	1,400	1.4
Head office decision	900	0.9
Other	1,600	1.6
No particular reason	700	0.7
Don't know	2,800	2.8
Total (Weighted N=)	100,100	

Source: Employer Perspectives Survey 2012 (multiple response question so sum of % may be greater than 100).

Funding for university-provided training

Just over half of establishments that used universities as training providers funded the training entirely by themselves, while 29% partly funded the training, 15% reported that they did not contribute any funding at all, and 4% did not know how the training was funded.

Among establishments that reported that they partly funded the training or did not contribute at all, 45% said that the government provided the (rest of the) funding, 33% said the employee, and 15% said the university, with the remainder saying other sources, or not knowing.

5.3.3 Reasons for not using universities as training providers

The most common reason for not using universities as training providers given by establishments that did not use them was that the courses they provided were not relevant, mentioned by half of all establishments that did not use them (Table 5.2). This was followed by staff being fully trained and so having no need to train them (9%), and not knowing enough about the courses that they provided (8%).

Table 5.2: Reasons for not using universities as training providers, Employer Perspectives Survey 2012 (column %)

	Number	%
The courses they provide are not relevant	208,500	49.2
Staff fully trained/no need	36,500	8.6
I don't know enough about the courses that they provide	31,900	7.5
No providers locally	23,000	5.4
It is too expensive	22,300	5.3
There is a lack of information available about the courses they provide	20,900	4.9
Prefer to train in-house	15,000	3.5
The quality or standard of the courses or training provided is not satisfactory	11,700	2.8
Happy with current / established relationship	9,900	2.3
Decision taken elsewhere in organisation / have to use approved trainers	9,300	2.2
The start dates or times of the courses are inconvenient	5,300	1.2
Takes too long / don't have time	3,900	0.9
Staff choose	1,800	0.4
Past use has not delivered the benefits you expected	700	0.2
Other	6,100	1.4
No particular reason	29,700	7.0
Don't know	39,200	9.2
Total	424,100	-

Source: Employer Perspectives Survey 2012 (multiple response question so sum of % may be greater than 100).

6 Selection

This chapter presents an overview of the process followed and the methods used by the employers interviewed as part of this research, in shortlisting and selecting graduates.

Evidence from the literature is presented first followed by quantitative findings regarding initial screening/selection and intermediate selection stages from the following data sources:

- Association of Graduate Recruiters Summer surveys
- Management information from the Graduate Recruitment Bureau

6.1 Evidence from the literature

6.1.1 Selection methods

This section considers the changes in methods through which graduates are selected by firms. Issues considered included the extent to which organisations pre-screened their applicants at the beginning of the selection process through the use of application forms or references, the extent to which interviews were used in initial and final selections, and the extent to which assessment centres – and what types of tests within them – are used at different stages in the selection process. It is important to emphasise that, among the literature we reviewed, there seemed to be relatively little evidence available about the most recent trends in selection practices used by employers, and particularly a lack of academic literature on the subject. In this respect, the most up-to-date evidence derives mainly from surveys of large employers (eg AGR, 2013) which, despite insightful, are not likely to be representative of the diversity of the graduate employment landscape.

Methods and stages of selection

Findings from previous research undertaken in the 1990s and 2000s through large-scale surveys of employers, for example by Keenan (1995) and Branine (2008), emphasise that virtually all organisations surveyed carried out an initial pre-selection on the basis of application forms, whilst only half (Keenan, 1995) or just over half (Branine, 2008) had application forms designed specifically for graduates; the use of references for pre-selection was also not particularly common. The most recent Association of Graduate Recruiters (2013) employers survey, focused on large organisations, found that 99% of firms recruited graduates through online application forms.

With regard to the use of screening interviews carried out through the traditional ‘milkround’, in the 1990s Keenan (1995) found that the extent to which this was used was closely associated with the number of graduates that an organisation was seeking to recruit. Indeed, while only 38% of small recruiters used the ‘milkround’ method, this proportion rose to 76% for large recruiters, and up to 87% for those organisations who reported having recruited more than 100 graduates in the previous year. Whilst Connor et al (2003) still found that some organisations pre-screened candidates through ‘milkround’ initial interviews, the use of this method was not found by Branine (2008) to be common,

showing the extent to which graduate selection practices have changed between the 1990s and late 2000s. Focusing on most recent trends, the Association of Graduate Recruiters' (2013) employers survey shows instead that telephone interviews were increasingly popular as a pre-screening method, used by 53% of employers surveyed – again, mainly large employers.

Both Keenan (1995) and Branine (2008) found that all organisations surveyed used interviews in their final selection, whilst approximately half used assessment centres – which were, unsurprisingly, more popular with large rather than small recruiters. The growing popularity of assessment centres at the beginning of the 2000s was also noted by Purcell et al (2002). In terms of current trends, the popularity of assessment centres with large employers emerges clearly from Association of Graduate Recruiters (2013a) evidence, which showed that this method of selection was used by 89% of large graduate recruiters surveyed. A variety of tests appeared to be used in assessment centres or at intermediate selection stages – namely aptitude tests, psychometric and personality tests, as well as group discussions and problem-solving exercises. These different types of tests were equally popular amongst recruiters, even though large differences amongst them have been reported in the research literature regarding their validity (see Hunter and Hunter, 1984; Garavan and Morley, 1998). As well as having potentially limited validity, Connor et al (2003) also pointed out how the extensive use of assessment centres by recruiters may lead to an over-focus on analytical and communication skills, but not be particularly useful to understand applicants' leadership potential, personal motivation and inter-relational capacities.

What also emerged from the literature (cf. Keenan, 1995; Branine, 2008) was that while many recruiters made extensive use of assessment centres, the interview still appeared to be the component that carried the most weight in their final recruitment decisions, due to the two-way interaction it offers and for its ability to fill gaps and validate information provided by the candidates at the application stage. This suggests that the use of information from assessment centres is not necessarily systematic and that decisions on recruitment are still, to a large extent, intuitive in nature. This may have social mobility implications as it might put at an advantage those candidates with greater confidence and inter-personal skills, which are disproportionately likely to come from more privileged socio-economic backgrounds.

Competency-based and strength-based approaches

Overall, competency-based approaches to selection (cf. Dubois and Rothwell, 2004) appeared to be gaining popularity at the beginning of the 2000s as methods to test the possession of generic, transferable and demonstrable skills in candidates (cf. Purcell et al, 2002; Raybould and Sheedy, 2005). Evidence of key competencies could either be tested through application forms or at interview stages. On this topic, Purcell et al (2002) noted that competency based approaches to selection, by being focused on candidates' demonstrable skills and attributes, could remove some of the initial bias at the shortlisting stages of recruitment in comparison to approaches which are solely based on screening on the basis of educational credentials and other observable characteristics. In this respect, competency-based approaches were seen at the time as a potential improvement – in terms of increasing diversity in the applicants' pool – on previous approaches, although this depended on whether the type of required competences were shaped on the basis of the profiles' of previous 'traditional' graduates, and thus likely to favour candidates

from traditional, socio-economically advantaged backgrounds Whilst competency-based approaches to selection appear to be still the most widespread, some recent developments in the HR practitioners' literature suggest that 'strengths-based' recruitment, more focused on assessing candidates' future potential rather than demonstrable performance, may be gaining popularity in some organisations (cf. The HR Zone, 2012).

6.1 Evidence from the secondary data

6.1.1 Selection criteria – evidence from the Association of Graduate Recruiters surveys

The Association of Graduate Recruiters Summer surveys cover selection criteria, and the Summer Review 2014 presented information on minimum entry standards at Association of Graduate Recruiters employers in 2013/14. Key findings include:

- Nearly three quarters of members (74%) reported that they had a minimum 2:1 degree classification for at least some of their graduate jobs, while around one in five (19%) had a minimum 2:2 degree classification. A small number of members (2.2%) had a minimum 1st degree classification.

- Demonstrating certain competencies was the second most commonly used selection criteria after a 2:1 minimum, used by around half (51%) of members, and its use as a selection criteria had increased slightly, from 48% in 2012/13.

- There was a small increase in the use of a minimum UCAS tariff, from 35% in 2012/13 to 38% in the current survey.

- Specific degree subjects were mentioned by 30% of respondents, closely followed by relevant work experience which was mentioned by 29%.

- The proportion of respondents saying they recruited graduates from particular groups of universities fell slightly, from 7% in 2012/13 to 5% in the latest survey.

Table 6.1 shows the changing patterns of minimum entry standards since 2008. The use of a 2:1 minimum increased rapidly with the onset of the recession, and has hovered at around three quarters of Association of Graduate Recruiters respondents since then, while there has been a corresponding decrease in the proportion using a 2:2 minimum. In addition:

- There has been a gradual increase in the proportion of respondents using a minimum UCAS tariff, from 29% in 2008 to 38% in 2014.

- The proportion of respondents using certain competencies increased with the onset of the recession to nearly two thirds of respondents in 2011, but has since dropped off to around half of respondents over the last two years.

- The use of specific subjects or relevant work experience as entry standards has remained broadly stable over the last few years, at around 30% for both standards.

- The proportion of respondent who recruit graduates from particular groups of universities has dropped off in the last year, having increased with the onset of the recession.

Table 6.1: Minimum entry standards at AGR employers, 2008-2014, Summer Reviews (column %)

	2008	2009	2010	2011	2012	2013	2014
Minimum 2:1	56.8	66.7	77.5	73.2	76.0	75.1	74.2
Demonstrate certain competencies	51.8	61.8	62.8	63.9	55.0	48.3	51.1
Minimum UCAS tariff	29.3	32.8	-	-	34.5	35.3	38.2
Specific subjects	29.3	26.5	33.0	27.8	26.5	28.4	30.3
Relevant work experience	14.9	15.2	33.5	33.5	28.0	30.3	29.2
Minimum 2:2	32.9	30.4	25.0	16.0	18.5	16.4	19.1
Particular groups of universities	0.9	2.5	6.8	8.2	7.5	7.0	5.1
Minimum 1st	-	-	-	-	2.5	1.0	2.2
Other	-	-	-	-	-	-	4.5
N=	-	-	191	194	200	201	178

Source: Association of Graduate Recruiters Summer Reviews 2008-14 (multiple response question so sum of % may be greater than 100).

6.1.2 Selection criteria – evidence from Graduate Recruitment Bureau Management Information

The Graduate Recruitment Bureau management information dataset contains a number of fields concerned with the particular requirements/selection criteria of the vacancy, including whether or not the employer has specified candidates from a particular tranche of the 'top' universities, degree subject, and degree classification.

Specifying 'top universities'

University rank has been recorded on the Graduate Recruitment Bureau MI database from 2009 onwards.

Overall, half of vacancies notified to Graduate Recruitment Bureau into which they successfully placed a candidate, specified a university rank, that is specifying only candidates from Top 10 or Top 20 universities (Table 6.2). Only 3% specified Top 10 or higher universities, while 7% drew the line between the Top 11 and 20, 14% drew the line between 21 and 30, 13% drew the line between 31 and 40, 7% drew the line between 41 and 50, and 6% drew the line between 51 and 100.

Table 6.2: Distribution of vacancies by specification of top university ranking, GRB 2009-2013 (column %)

	Frequency	%
Top 10	40	3
Top 20	80	7
Top 30	140	14
Top 40	130	13
Top 50	70	7
Top 100	60	6
No university rank	540	51
Total	1,050	100

Source: Graduate Recruitment Bureau

Table 6.3 shows that there are some sectoral variations in the use of top university rankings. Around three quarters of financial services vacancies specified a top university ranking, with 12% specifying a Top 10 university. At the other end of the scale, only 43% of public sector/other sector vacancies, and 41% of those in manufacturing, utilities or construction specified a top university ranking. A majority of retail/catering vacancies (59%) specified a top university ranking, although a relatively high proportion of these had a low ranking attached to them. Table 6.4 shows the mean ranking by sector, for those vacancies which had a ranking, and shows the particularly high ranking specified by vacancies in the financial services sector.

Table 6.3: Specification of university rank by sector of vacancies, GRB 2009-2013 (column %)

	Man./ utilities/ con.	Retail/ catering	Transport/ comms	Financial services	Business services	Public sector/ other	All sectors
Top 10	2	4	3	12	3	0	3
Top 20	4	12	6	30	5	9	7
Top 30	14	19	13	16	11	23	14
Top 40	12	4	16	15	13	5	13
Top 50	6	7	7	2	8	3	7
Top 100	4	12	8	0	5	3	6
No uni. rank	59	41	48	25	54	57	51
N=	200	70	270	70	410	40	1,050

Source: Graduate Recruitment Bureau

Table 6.4: Mean university rank by sector for those vacancies with university rank specified, GRB 2009-2013

	Mean university rank	N=
Manufacturing/utilities/construction	35.2	80
Retail/catering	34.8	40
Transport/communications	38.6	140
Financial services	23.5	50
Business services	35.7	190
Public sector/other	31.2	20
All sectors	35.0	520

Source: Graduate Recruitment Bureau

Table 6.5 looks at trends over time, and shows that while the proportion of vacancies with a university rank attached remained broadly stable over time, the actual rank specified increased noticeably in 2010 and 2011, to an average of 32, when the graduate labour market was slack as a result of the recession, and has since fallen to 39 in 2013 as the economy has picked up.

Table 6.5: Specification of top university ranking of vacancies by year, GRB 2009-2013 (row %)

	No rank specified %	Uni. rank specified %	Mean uni. rank
2009	50	50	35.0
2010	54	46	32.3
2011	51	49	32.3
2012	51	49	34.5
2013	50	50	39.1
All years	51	49	35.0

Source: Graduate Recruitment Bureau

The specification of top university ranking by occupation largely follows the sectoral pattern, with most banking, finance and insurance vacancies having a rank specified, and a high average rank at 27, and relatively few engineering and manufacturing vacancies, and those for other occupations (often in the public sector) having a university rank specified (Table 6.6).

Table 6.6: Specification of top university ranking of vacancies by occupation, GRB 2009-2013 (row %)

	No rank specified %	Uni. rank specified %	Mean uni. rank
Business	48	52	35.3
Analytical/science	42	58	35.4
Marketing/sales/advertising	52	48	38.1
IT	44	56	37.3
Engineering/manufacturing	60	40	36.4
Banking/finance/insurance	25	75	26.8
Management	32	68	34.1
Retail	35	65	36.8
Publishing/media	39	61	41.5
Other occupations	58	42	35.9

Source: Graduate Recruitment Bureau

The likelihood of vacancies having a top university ranking increases with the size of employer, from 39% of vacancies posted by small employers up to 56% of vacancies specified by large employers (Table 6.7). However, the average rank was higher among small and medium employers, at 32, than it was among large employers (35).

Table 6.7: Specification of top university ranking of vacancies by size of employer, GRB 2009-2013 (row %)

	No rank specified %	Uni. rank specified %	Mean uni. rank
Small	62	38	31.8
Medium	55	45	31.8
Large	44	55	35.4
All sizes	52	48	33.8

Source: Graduate Recruitment Bureau

Degree subject

Degree subject was generally related to the occupation, eg for IT vacancies, IT/computing degrees were generally specified. The Graduate Recruitment Bureau data show that only a quarter of vacancies did not specify particular subjects, and were open to most or all degrees. This is rather different to the findings from the Association of Graduate Recruiters where only 30% of employers stated that specific degree subjects were a selection criterion.

The proportion of vacancies without particular subjects specified varied considerably by sector and by occupation. Looking first at variation by sector, Table 6.8 shows that over two fifths of business service vacancies (43%) did not specify particular subjects, while only 6% of vacancies in the public sector/other sectors were open to graduates with any degree. Turning to variation by occupation, Table 6.9 shows that business, along with management and marketing, sales, and advertising, are the major occupational groups with large proportions of vacancies open to any degree subjects, while

engineering/manufacturing, IT, and analytical/science vacancies specified relevant degree subjects.

Table 6.8: Proportion of vacancies without relevant degree specified by sector, GRB 2007-2013 (row %)

	Any degree/ most considered	Relevant degree required	N=
Manufacturing/utilities/construction	15	85	290
Retail/catering	22	78	90
Transport/communications	12	88	370
Financial services	13	87	120
Business services	43	57	610
Public sector/other	6	94	50
All sectors	25	75	1,520

Source: Graduate Recruitment Bureau

Table 6.9: Proportion of vacancies without relevant degree by occupation, GRB 2007-2013 (row %)

	Any degree/ most considered	Relevant degree required	N=
Business	47	53	530
Analytical/science	7	93	360
Marketing/sales/advertising	41	59	360
IT	6	94	330
Engineering/manufacturing	5	95	260
Banking/finance/insurance	20	80	160
Management	49	51	100
Retail	21	79	80
Publishing/media	24	76	80
Other occupations	23	77	240

Source: Graduate Recruitment Bureau

Table 6.10 looks at the relationship between vacancies specifying degree subject and top university ranking, and shows that those vacancies with either a high ranking, Top 20 or above, or a very low (below Top 50) or no ranking were most likely to not specify particular subjects, while nearly nine out 10 vacancies specifying Top 40 ranking universities also had degree subject requirements. This suggests that there are some graduate recruiters looking for talent from the most prestigious universities but not concerned about the subject knowledge candidates could bring.

Table 6.10: Degree subject by top university ranking of vacancies, GRB 2007-2013 (row %)

	Any degree/ most considered	Relevant degree required	N=
Top 10	39	61	40
Top 20	28	72	80
Top 30	19	81	140
Top 40	11	88	130
Top 50	19	81	70
Top 100	27	73	60
No uni. rank	29	71	540
Total	25	75	1,050

Source: Graduate Recruitment Bureau

Small employers were more likely than medium or large employers to not specify particular degree subjects in their vacancies, with 43% of vacancies posted by small employers open to any degree subject compared with 20% of vacancies posted by medium employers, and 19% posted by large employers (Table 6.11).

Table 6.11: Proportion of vacancies without relevant degree by size of employer, GRB 2007-2013 (row %)

	Any degree/ most considered	Relevant degree required	N=
Small	43	57	260
Medium	20	80	190
Large	19	81	440
Total	26	74	880

Source: Graduate Recruitment Bureau

Degree result

Across all Graduate Recruitment Bureau vacancies, just under three quarters (74%) specified a minimum of a 2:1 degree, while nearly a quarter (23%), specified a 2:2 or higher, and 4% stated that any class of degree was acceptable. This is very similar to the finding rom the latest Association of Graduate Recruiters survey which found that 74% of respondents had a minimum 2:1 degree classification, and 19% had a minimum 2:2 requirement.

Vacancies in the manufacturing, utilities and construction sector were least likely to have a 2:1 minimum classification (65%), followed by those in the business services sector (70%), whereas 89% of retail/catering vacancies, and 92% of those in the public sector/other sectors specified a 2:1 minimum requirement (Table 6.12). We saw above that many graduates working in the retail and catering sectors were in non-graduate jobs, but it would appear that when employers did seek to recruit graduates they had high specifications.

Table 6.12: Proportion of vacancies that specified degree result by sector, GRB 2007-2013 (row %)

	2:1	2:2	Any	N=
Manufacturing/utilities/construction	65	31	4	290
Retail/catering	89	10	1	90
Transport/communications	76	23	1	370
Financial services	82	18	0	120
Business services	70	24	6	610
Public sector/other	92	8	0	50
All sectors	74	23	4	1,520

Source: Graduate Recruitment Bureau

The findings by occupation are in line with those by sector, with a very high proportion (95%) of retail vacancies specifying a 2:1 minimum, compared with only two thirds of engineering and manufacturing vacancies (Table 6.13).

Table 6.13: Proportion of vacancies that specified degree result by occupation, GRB 2007-2013 (row %)

	2:1	2:2	Any	N=
Business	75	19	6	530
Analytical/science	89	10	1	360
Marketing/sales/advertising	72	24	3	360
IT	74	26	1	330
Engineering/manufacturing	68	30	2	260
Banking/finance/insurance	86	14	1	160
Management	80	19	1	100
Retail	95	5	0	80
Publishing/media	90	9	1	80
Other occupations	78	19	3	240

Source: Graduate Recruitment Bureau

Small employers were less likely than medium or large employers to specify a 2:1 minimum in their vacancies, as Table 6.14 shows.

Table 6.14: Proportion of vacancies that specified degree result by employer size, GRB 2007-2013 (row %)

	2:1	2:2	Any	N=
Small	61	32	7	260
Medium	82	15	3	190
Large	75	24	2	440
Total	72	24	4	880

Source: Graduate Recruitment Bureau

Table 6.15 shows the relationship between degree subject and degree result specifications, and shows that a lower proportion of vacancies for which any/most degree subjects would be considered (60%) had a 2:1 minimum compared with those for which relevant subjects were required (78%).

Table 6.15: Proportion of vacancies that specified degree result by degree subject, GRB 2007-2013 (row %)

	2:1	2:2	Any	N=
Any degree/most considered	60	31	9	380
Relevant degree required	78	20	2	1,140
Total	74	23	4	1,520

Source: Graduate Recruitment Bureau

There is a strong relationship between specification of top university ranking and the use of a 2:1 minimum classification, as Table 6.16 shows. All vacancies that specified a Top 10 university also specified a 2:1 minimum, compared with under two thirds of vacancies that did not specify a university ranking.

Table 6.16: Proportion of vacancies that specified degree result by top university ranking, GRB 2009-2013 (row %)

	2:1	2:2	Any	N=
Top 10	100	0	0	40
Top 20	96	4	0	80
Top 30	97	2	1	140
Top 40	93	7	0	130
Top 50	89	11	0	70
Top 100	71	27	2	60
No uni. rank	63	33	4	540
Total	77	21	2	1,050

Source: Graduate Recruitment Bureau

A-levels/UCAS tariff points

In addition to the specified fields for top university, degree result and degree subject, the management information dataset also contains a free-text field with a description of the vacancy requirements as passed on by the employer to Graduate Recruitment Bureau. These qualitative free text fields were analysed to extract information on the use of A-level results or UCAS tariff points as selection criteria.

Overall, just over a quarter of vacancies (26%) specified minimum A-levels/UCAS tariff point score, with one in five (20%) specifying particular A-level/UCA results, and 6% stating candidates must possess solid, good or strong A-levels but without specifying particular levels (Table 6.17). Retail and catering, and financial services vacancies were most likely to specify A-levels/UCAS points (40% and 32% respectively), while only 6% of public sector/other services vacancies had these requirements. The mean UCAS points specified was highest in financial services, at 319 compared with the average across all

vacancies that specified points of 299, and lowest in retail/catering at 283; thus a lot of retail/catering vacancies are specifying relatively low levels of UCAS points.

Table 6.17: Proportion of vacancies that specified A-levels/UCAS points by sector, GRB 2007-2013 (row %)

	No A-level/ UCAS criteria	Specific UCAS points	Solid/good/ strong A-levels	N=	Mean UCAS points
Manufacturing/utilities/ construction	73	22	5	290	293
Retail/catering	60	37	3	90	283
Transport/communications	79	15	6	370	299
Financial services	68	24	8	120	319
Business services	72	21	7	610	303
Public sector/other	94	6	0	50	287
All sectors	74	20	6	1,520	299

Source: Graduate Recruitment Bureau

Table 6.18 shows the use of A-level/UCAS selection criteria by occupation, and paints a similar picture to the sectoral analysis above, with retail and banking/finance/insurance vacancies being most likely to have UCAS points specified, and the mean UCAS points being lowest among retail vacancies.

Table 6.18: Proportion of vacancies that specified A-levels/UCAS points by occupation, GRB 2007-2013 (row %)

	No A-level/ UCAS criteria	Specific UCAS points	Solid/good/ strong A-levels	N=	Mean UCAS points
Business	69	25	6	530	301
Analytical/science	72	18	10	360	301
Marketing/sales/advertising	73	18	9	360	296
IT	73	23	4	330	303
Engineering/manufacturing	63	32	5	260	296
Banking/finance/insurance	59	36	6	160	304
Management	72	24	4	100	297
Retail	49	49	3	80	283
Publishing/media	74	8	18	80	300
Other occupations	72	20	9	240	284

Source: Graduate Recruitment Bureau

Vacancies at large employers were more likely than small or medium employers to specify UCAS points, but the mean number of points specified decreased with employment size, from 312 among vacancies at small employers, to 292 among vacancies at large employers (Table 6.19).

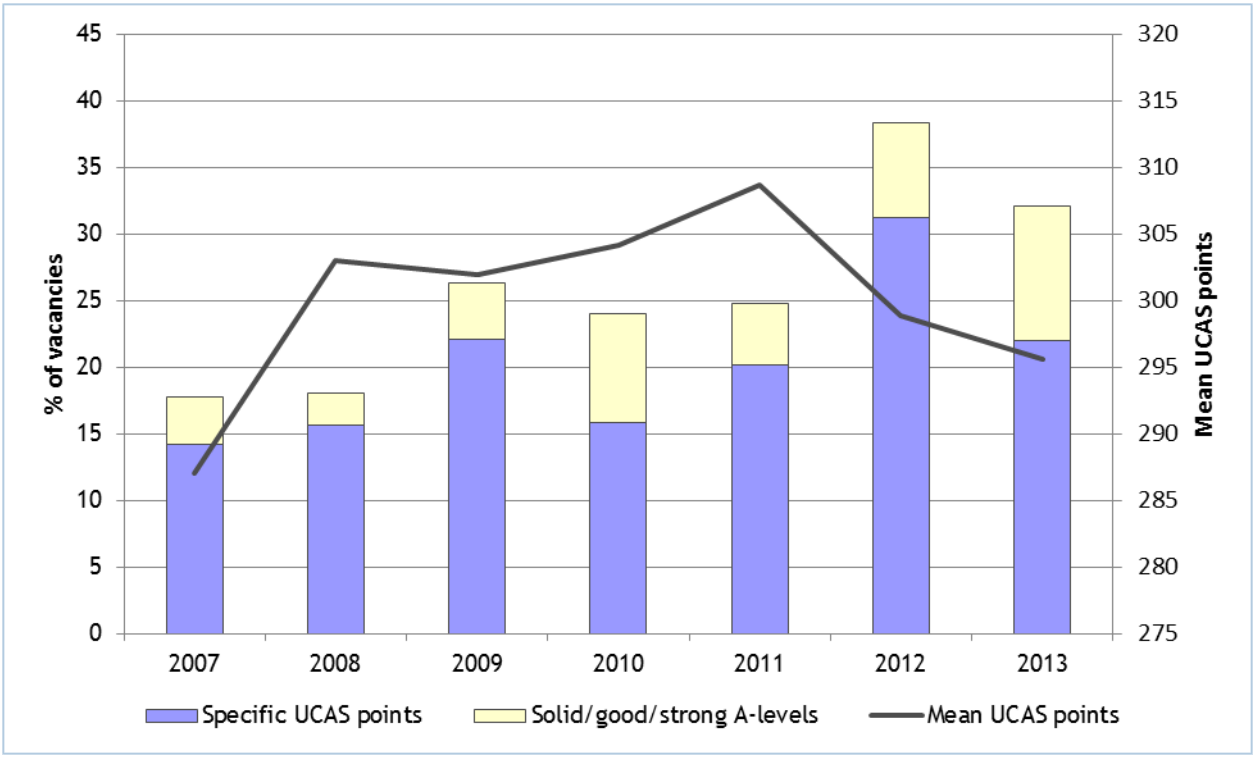
Table 6.19: Proportion of vacancies that specified A-levels/UCAS points by employer size, GRB 2007-2013 (row %)

	No A-level/ UCAS criteria	Specific UCAS points	Solid/good/ strong A-levels	N=	Mean UCAS points
Small	81	16	4	260	312
Medium	80	17	3	190	299
Large	69	25	6	440	292
Total	75	21	4	880	298

Source: Graduate Recruitment Bureau

Figure 6.1 shows the trend over time in the proportion of vacancies specifying A-levels or UCAS points, and the mean number of points specified. There has been a general upward trend in the proportion of vacancies specifying UCAS points, reaching a peak in 2012 with 31% of vacancies having specific A-level/UCAS point requirements, and a further 7% asking for solid/good/strong A-levels, and although there was a drop-off in 2013, the proportion of vacancies with A-level/UCAS specifications is still higher than pre-2012 levels. The trend in the mean points specified has also been upward, reaching a peak of 309 in 2011, although has since fallen steeply, to reach 296 in 2013.

Figure 6.1: Proportion of vacancies that specified A-levels/UCAs points over time, GRB 2007-2013



Source: Graduate Recruitment Bureau

There is a strong relationship between university rank and UCAS specifications. Table 6.20 shows that vacancies with a top university ranking of Top 40 or higher were much

more likely to also have A-levels/UCAS points specified than were those with lower university ranking specified, and only 17% of vacancies with no university ranking had A-level/UCAS points specified. The mean number of UCAS points specified decreases with the top university ranking, from 319 among vacancies that specify Top 10 universities down to 273 among those that specify Top 100 universities, compared with 291 among vacancies with no university ranking specified.

Table 6.20: Proportion of vacancies that specified A-levels/UCAS points by top university ranking, GRB 2007-2013 (row %)

	No A-level/ UCAS criteria	Specific UCAS points	Solid/good/ strong A-levels	N=	Mean UCAS points
Top 10	53	37	11	40	319
Top 20	57	37	6	80	315
Top 30	49	43	8	150	305
Top 40	53	33	14	150	307
Top 50	71	21	8	80	289
Top 100	73	17	9	60	273
No uni. rank	83	13	4	960	291
Other occupations	74	20	6	1,520	299

Source: Graduate Recruitment Bureau

Vacancies that required relevant degrees were slightly more likely than others to have A-levels/UCAS points specified, although there was no difference in the mean number of UCAS points requested (Table 6.21).

Table 6.21: Proportion of vacancies that specified A-levels/UCAS points by degree subject, GRB 2007-2013 (row %)

	No A-level/ UCAS criteria	Specific UCAS points	Solid/good/ strong A-levels	N=	Mean UCAS points
Any degree/most considered	78	18	4	380	300
Relevant degree required	72	21	7	1,140	299
Total	74	20	6	1,520	299

Source: Graduate Recruitment Bureau

Table 6.22 shows a very strong relationship between vacancies specifying degree result and A-levels/UCAS points. More than one in four vacancies (26%) that specify a 2:1 also have specific UCAS points, compared with 5% of vacancies that specify a 2:2, while none of the vacancies that are open to any degree result specify UCAS points. The mean UCAS points specified by vacancies that require a 2:1 is 302, compared with 258 among those that require a 2:2.

Table 6.22: Proportion of vacancies that specified A-levels/UCAS points by degree result, GRB 2007-2013 (row %)

	No A-level/ UCAS criteria	Specific UCAS points	Solid/good/ strong A-levels	N=	Mean UCAS points
2:1	67	26	7	1,120	302
2:2	93	45	2	350	258
Any	98	0	2	50	-
Total	74	20	6	1,520	299

Source: Graduate Recruitment Bureau

The cumulative impact of advertised selection criteria

The final analysis of the Graduate Recruitment Bureau data undertaken was an investigation of the cumulative impact of selection criteria advertised for vacancies, based on the four criteria of top university rank, specific degree subject, 2:1, and minimum A-levels/UCAS points.

Across all vacancies from 2009 onwards, only 7% had no criteria specified and thus were open to any graduate regardless of degree subject, result, university or prior qualifications (Table 6.23). Nearly half of all vacancies (48%) specified three or four criteria, with the most common pattern being degree subject, result and university requirements, which accounted for 20% of all vacancies.

Table 6.23: Distribution of vacancies by number of criteria specified, GRB 2009-2013 (column %)

	Frequency	%
No criteria	80	7
1 criterion	190	18
2 criteria	290	27
3 criteria	330	31
4 criteria	170	16
Total	1,050	100

Source: Graduate Recruitment Bureau

Table 6.24 shows the breakdown of vacancies by number of selection criteria and industrial sector. Three quarters of vacancies with no criteria specified were for business services employers, and most of the rest were in manufacturing, utilities and construction. Financial services vacancies, and those in retail or catering, were over-represented among those with three or four criteria specified.

Table 6.24: Vacancies by number of selection criteria and sector, GRB 2009-2013 (column %)

	No criteria	1 criterion	2 criteria	3 criteria	4 criteria	Total
Manufacturing/utilities/ construction	16	24	16	17	23	19
Retail/catering	3	2	4	11	9	7
Transport/communications	7	25	32	28	19	26
Financial services	1	1	6	8	12	6
Business services	74	47	35	32	37	39
Public sector/other	0	1	7	4	1	3
N=	80	190	290	330	170	1,050

Source: Graduate Recruitment Bureau

The occupational breakdown of vacancies by number of selection criteria also paint a picture of business vacancies commonly having no criteria specified, and those in finance and retail commonly having three or four criteria specified (Table 6.25). Other occupations over-represented among vacancies with four criteria specified include analytical/science, IT, and engineering/manufacturing.

Table 6.25: Vacancies by number of selection criteria and occupation, GRB 2009-2013 (column %)

	No criteria	1 criterion	2 criteria	3 criteria	4 criteria	Total
Business	69	38	33	41	31	39
Analytical/science	1	11	34	36	35	28
Marketing/sales/advertising	57	24	24	29	21	28
IT	0	28	26	22	33	24
Engineering/manufacturing	4	28	20	19	30	21
Banking/finance/insurance	0	4	8	14	23	11
Management	8	4	6	10	5	7
Retail	1	2	4	11	11	7
Publishing/media	4	2	8	10	5	7
Other occupations	21	17	24	23	14	21
N=	80	190	290	330	170	1,050

Source: Graduate Recruitment Bureau (percentages sum to more than 100% as employers can specify more than one occupation per vacancy)

Small firms were more likely than medium or large firms to have no criteria, or only one, specified in their vacancies, while larger firms were most likely to have three or four criteria specified (Table 6.26).

Table 6.26: Vacancies by number of selection criteria and employer size, GRB 2009-2013 (column %)

	No criteria	1 criterion	2 criteria	3 criteria	4 criteria	Total
Small	63	42	31	18	22	30
Medium	19	15	30	26	18	24
Large	19	43	39	56	61	47
Total	40	100	170	180	70	570

Source: Graduate Recruitment Bureau

6.1.3 Selection methods – evidence from the Association of Graduate Recruiters surveys

The Association of Graduate Recruiters summer surveys asked respondents about the graduate selection instruments they used during their recruitment season. The most commonly used method was final-round assessment centres or selection events, with 84% of respondents to the 2014 Summer Review mentioning them, followed by psychometric testing, used by two thirds (67%) of respondents.

The trends since 2008 in the use of different selection instruments are shown in Table 6.27. Key points to note are:

- Assessment centres and psychometric testing have consistently been the most popular selection instruments.
- There has been a rapid take-off in the use of video interviewing in the last few years, with one in five respondents (21%) using them in 2013, more than the proportion using first interviews on campus or at regional centres.
- The proportion of respondents using preliminary telephone screenings has fluctuated around half of Association of Graduate Recruiters respondents during this period, although there has been a relatively large fall in the last year which may be associated with the increase in the use of video interviewing.

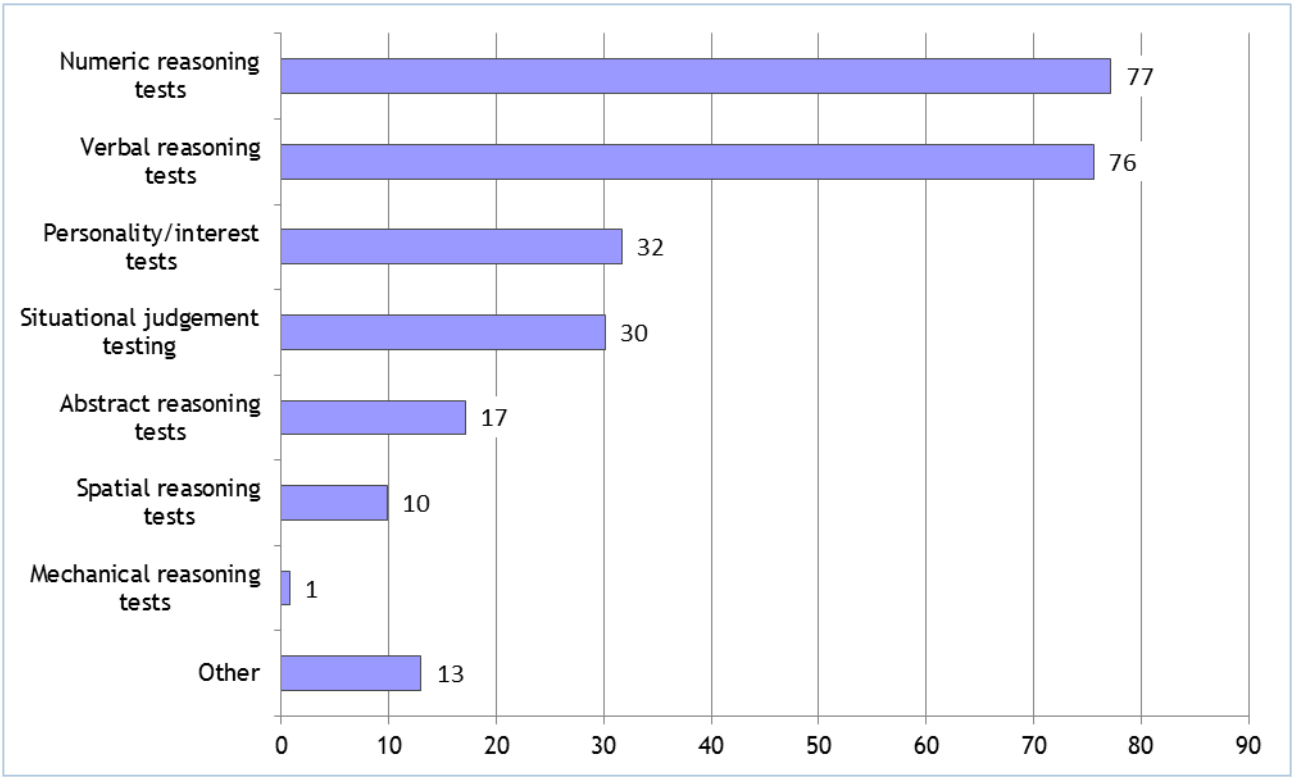
Table 6.27: Graduate selection instruments at AGR employers, 2008-2014, Summer Reviews (column %)

	2008	2009	2010	2011	2012	2013	2014
Final round assessment centre	78.4	84.9	89.6	84.8	87.9	89.3	83.7
Psychometric testing	58.1	66.3	61.7	63.1	67	67.3	67.4
Preliminary telephone screening	46.4	48.3	46.1	45.5	51.9	53.2	45.7
1st interviews at Head Office	39.2	42.4	40.9	42.4	37.4	41.0	33.7
Online self-selection/de-selection	27.9	26.3	28.5	20.2	29.1	29.8	29.9
Video interviews	-	-	-	-	6.3	10.7	21.2
1st interviews at regional centres	21.6	21.0	16.6	17.7	13.1	15.1	15.8
1st interviews on campus	9.0	11.2	5.2	7.6	3.9	9.3	11.4
Other	18.5	12.7	-	-	4.4	2.9	4.3
N=	-	-	193	198	206	205	184

Source: Association of Graduate Recruiters Summer Reviews 2008-2014 (multiple response question so sum of % may be greater than 100).

Association of Graduate Recruiters respondents who used psychometric testing were asked about the type of psychometric tests used as part of their selection process. Figure 6.1 shows that numeric reasoning tests and verbal reasoning tests were the most popular, with just over three quarters of respondents using each type, followed by personality and interest tests or questionnaires (32%) and situational judgement testing (30%).

Figure 6.2: Types of psychometric testing used or planned by AGR employers 2013/14



Source: Association of Graduate Recruiters Summer Review 2014 (N= 66)

7 The role of work experience

This chapter looks at work placements and internships, collectively termed as work experience, investigating the extent to which employers offer placement and internships, and to which individuals are taken on afterwards, as well as awareness and use of Graduate Talent Pool, a Department for Business, Innovation and Skills-funded web initiative to bring graduates seeking internship opportunities together with employers offering them.

The chapter presents evidence from the literature first, before presenting findings from the following data sources:

- The 2012 UK Commission for Employment and Skills Employer Perspectives Survey (EPS)
- Association of Graduate Recruiters Summer surveys
- Graduate Talent Pool evaluation and management information data

7.1 Evidence from the literature

7.1.1 Offering work experience as a recruitment method

Offering placements, internships and work experience is increasingly used as a graduate recruitment method, especially – but not solely – in sectors where graduates are required to carry out technical functions, such as engineering or IT (Connor et al, 2003). Purcell et al (2002) also noted the increasing popularity of placements in many graduate recruiters' organisations – especially in sectors such as manufacturing or finance. The demand for placement opportunities in many cases was found to exceed employers' capacity to offer them. The growing popularity over time of work experience programmes for students and recent graduates alike, especially in large organisations, emerges clearly from a recent High Fliers report (Highfliers, 2014), according to which four fifths of the UK Top 100 employers offered paid work experience programmes for students and recent graduates in 2013/14; two thirds offered paid vacation internships for penultimate year students and three fifths offered industrial one year placements for undergraduates.

It appears that many companies increasingly see these placement opportunities as preparation or even pre-selection for their main recruitment and selection programmes (cf. AGR, 2013a), and increasing numbers of graduates were ending up employed in companies where they had had previous work or internship experiences. Indeed, NACE's 2014 Internship and Co-Op survey found that 40% of graduates of the 2013 cohort who took internships were hired for full-time employment by the organisation at which they interned (NACE, 2014). Similarly, Highfliers research (Highfliers, 2014) recently found that amongst the UK Top 100 employers, 37% of entry level positions for 2014 were expected to be filled by graduates who had already worked for the organisation, either through internships, industrial placements or vacation work.

Given the increasing evidence pointing to the importance attributed to work experience by employers, considerable efforts are currently being devoted in the policy and practitioners' community to promote the importance and advantages of offering work experience opportunities to young people to small and medium-sized enterprises as well as large employers. Examples in this respect are the recent publications by UK Commission for Employment and Skills (2014) and the Chartered Institute of Personnel and Development (2014)

7.2 Evidence from secondary data sources

7.2.1 University placements and internships – Employer Perspectives Survey

Respondents to the Employer Perspectives Survey 2012 were asked whether during the past 12 months they had anyone on a paid or unpaid work experience placement or internship. Table 7.1 shows that 118,100 establishments, 7% of the UK total, had placements for people at university, and 58,700 establishments, just over 3% of the UK total, had paid or unpaid internships (typically, but not necessarily, for higher education students or graduates).

Table 7.1 Recent placement activity: whether establishment has had, in the last 12 months …(column %)

	Number	%
Any placements for people at school	299,600	17.5
Any placements for people at college	159,200	9.3
Any placements for people at university	118,100	6.9
Any internships, either paid or unpaid	58,700	3.4
Any placements targeted at giving work experience to the unemployed	70,400	4.1
Any work trials for potential new recruits	57,200	3.4
Anyone in on any other type of placements	27,300	1.6
Total (Weighted N=)	1,708,500	-

Source: Employer Perspectives Survey 2012

Some establishments had both interns and people on university placements; thus just under 9% of establishments had one or other, or both (Table 7.2).

Table 7.2: Patterns of use of university placements and internships (column %)

	Number	% of all establishments
Uni Placements + Interns + Others	17,300	1.0
Uni Placements + Interns only	8,400	0.5
Uni Placements + Others	66,200	3.9
Uni Placements only	26,200	1.5
Interns + Others	19,100	1.1
Interns only	13,900	0.8
No university placements/internships	1,557,400	91.2
Total (Weighted N=)	1,708,500	100.0

Source: Employer Perspectives Survey 2012

The likelihood of an establishment having interns or university student placements increases with employment size, from 5% of establishments with under five employees, up to half of establishments with 250 or more employees (Table 7.3).

Table 7.3 University placements/internships by size of establishment (row %)

	No university placements/ internships	Some university placements/ internships	Weighted N=
2-4	95.0	5.0	893,500
5-9	91.8	8.2	376,800
10-24	88.2	11.8	253,900
25-49	82.3	17.7	90,100
50-249	71.9	28.1	80,300
250+	49.4	50.6	14,000
All establishments	91.2	8.8	1,708,500

Source: Employer Perspectives Survey 2012

There are sectoral differences in the likelihood of having interns or university students placements, with three out of 10 education establishments, and nearly one in four health and social work establishments having them, compared with less than 3% of establishments in mining and quarrying, energy and water supply, construction, and hotels and restaurants (Table 7.4).

Table 7.4: University placements/internships by sector of establishment (descending order; row %)

	No university placements/ internships	Some university placements/ internships	Weighted N=
Education	70.7	29.3	59,900
Health and social work	78.0	22.0	111,400
Public admin. and defence; compulsory social security	87.0	13.0	35,400
Real estate, renting and business activities	88.2	11.8	333,900
Community, social and personal service activities	89.8	10.2	169,400
Transport, storage and communications	90.0	10.0	100,800
Financial services	92.3	7.7	21,700
Manufacturing	94.1	5.9	100,200
Agriculture, hunting, forestry and fishing	94.4	5.6	55,700
Wholesale and retail trade	95.2	4.8	370,000
Mining and quarrying	*97.1*	*2.9*	*4,000*
Electricity, gas and water supply	97.3	2.7	45,100
Hotels and restaurants	97.3	2.7	138,400
Construction	97.4	2.6	162,600
All establishments	91.2	8.8	1,708,500

Note: rows in italics indicate unweighted base of 25-49 and that figures should be treated with caution
Source: Employer Perspectives Survey 2012

Establishments that recruited young people aged 19-24 into high level jobs were more likely to have university placements/internships than those who recruited 19-24 year olds into lower level jobs, who were in turn more likely to have university placements/ internships than establishments that did not recruit 19-24 year olds (Table 7.5).

Table 7.5: University placements/internships by recruitment of young people (row %)

	No university placements/ internships	Some university placements/ internships	Weighted N=
Did not recruit 19-24s	93.1	6.9	1,314,100
Recruited 19-24s to SOC4-9	87.3	12.7	328,100
Recruited 19-24s to SOC1-3	71.6	28.4	66,300
All establishments	91.2	8.8	1,708,500

Source: Employer Perspectives Survey 2012

We saw above that larger establishments are more likely to recruit young people aged 19-24 into high level jobs, and therefore the patterns in Table 7.5 may simply be a reflection of the size of establishments. To unpick the two influences, Table 7.6 below shows the proportion of establishments with university placements or internships by both size and

graduate recruitment, and shows that within each size band, establishments who had recruited 19-24 year olds into high level jobs were more likely to have had university placements or internships than those who did not recruit 19-24 year olds into high level jobs. The table also shows that once controlling for size, there is little difference between establishments who recruited 19-24 year olds into lower level jobs and those who did not recruit 19-24 year olds in the likelihood of them having university placements or internships.

Table 7.6: Proportion of establishments with university placements/internships by size and 'proxy' graduate recruitment (% of establishments who had university placements/ internships)

	Did not recruit 19-24s	Recruited 19-24s to SOC4-9	Recruited 19-24s to SOC1-3	All establishments
2-4	4.6	5.4	20.6	5.0
5-9	7.4	8.9	20.2	8.2
10-24	11.1	10.1	28.6	11.8
25-49	19.3	13.8	32.0	17.7
50-249	24.0	26.7	47.5	28.1
250+	46.6	48.2	69.5	50.6

Source: Employer Perspectives Survey 2012

Establishments that had placements for people at university had on average 3.6 people on placement during the previous 12 months, while establishments who had interns had slightly fewer, 2.6 people on average. The average number of placement workers and interns increased with the size of establishment, from around two placement workers or interns among micro establishments with fewer than 10 employees, up to 20 placement workers and seven interns among large establishments with 250 or more employees (Table 7.7). Establishments in the health and social work, and transport, storage and communications, and education sectors had highest number of placement workers and interns (Table 7.8).

Table 7.7: Average number of university placements and internships, by size of establishment

	University placements		Internships	
	Mean	Weighted N=	Mean	Weighted N=
2-4	2.4	32,600	2.3	19,100
5-9	2.6	23,300	1.8	12,200
10-24	2.3	23,600	2.4	9,500
25-49	3.2	12,900	2.4	5,000
50-249	4.8	18,300	2.9	8,200
250+	19.7	4,800	6.8	3,300
All establishments	3.6	115,500	2.6	57,300

Source: Employer Perspectives Survey 2012

Table 7.8: Average number of university placements and internships, by sector

	University placements		Internships	
	Mean	Weighted N=	Mean	Weighted N=
Agriculture, hunting, forestry and fishing	-	-	-	-
Mining and quarrying	-	-	-	-
Manufacturing	2.5	4,400	2.0	2,800
Electricity, gas and water supply	-	-	-	-
Construction	1.5	2,900	-	-
Wholesale and retail trade	1.9	12,800	2.3	7,500
Hotels and restaurants	3.1	2,500	*2.0*	*1,300*
Transport, storage and communications	6.3	8,200	3.6	5,500
Financial services	*2.4*	*1,400*	-	-
Real estate, renting and business activities	2.7	30,600	2.3	16,100
Public admin. and defence; compulsory social security	3.8	3,300	*2.6*	*1,600*
Education	4.1	14,400	3.3	4,000
Health and social work	6.6	18,600	3.1	7,700
Community, social and personal service activities	2.0	12,400	2.3	7,700
All establishments	3.6	115,500	2.6	57,300

Note: rows in italics indicate unweighted base of 25-49 and that figures should be treated with caution
Source: Employer Perspectives Survey 2012

The most common reason for offering placements for people at university and internships was that it gave the individual experience, with over half of establishments offering university placements/internships giving this reason (Table 7.9). This was followed by moral reasons and doing their 'bit' to benefit young people (33%), helping with recruitment or using it as a trial period (26%), and part of formal social responsibility policy (10%). Few establishments (5%) said that the reason for offering university placements/internships was that it was a cheap or free source of labour. The reasons given varied little between establishments offering university placements, and those offering internships.

Table 7.9: Reasons for offering university placements and internships (column %)

	Number	%	% placements	% internships
Gives them experience	82,200	55.6	55.7	55.0
Moral reasons/benefits to young people/doing our 'bit'	48,500	32.8	31.7	34.1
Helps us with recruitment/use it as a trial period	38,200	25.9	25.7	31.4
Part of formal Social responsibility/CSR policy	14,400	9.7	9.7	9.7
Benefits to the company/mutual benefits	10,000	6.8	6.7	7.0
An extra pair of hands/help with the workload	9,400	6.3	5.6	9.9
Raises our profile in the recruitment market	9,000	6.1	6.2	4.6
Do not need to pay them	8,000	5.4	4.8	8.2
Asked/approached by student	7,200	4.8	5.1	3.1
Favour for family member/friend/friend or family of colleague	4,600	3.1	3.1	2.6
Existing links/partnerships with educational institutions/training providers/job centre	3,800	2.6	2.9	2.1
Requirement of qualification/essential part of their studies	2,700	1.8	2.3	1.0
Other	3,500	2.4	2.4	1.9
Total (Weighted N=)	147,800	-	-	-

Source: Employer Perspectives Survey 2012 (multiple response question so sum of % may be greater than 100).

Placements/internships as a stepping stone to employment

Establishments that had taken on anyone into a placement/internship role in the last 12 months were asked:

> *'In the last 2-3 years has your establishment taken on anyone who has been on placement with you into a permanent or long-term paid role?'*

Just over two fifths (43%) of establishments that had university placements and internships took the individuals on in a permanent or longer term role following the placement/ internship, with 29% taking individuals on at the end of their placement, and 23% taking individuals on after they finished their degree (9% of establishments said both; Table 7.10).

Table 7.10: Whether took anyone from university placement/internship into permanent/long-term role in the last 2-3 years? (column %)

	Number	%	% placements	% internships
Yes - at the end of their placement	44,200	29.2	29.4	34.5
Yes - after they finished their education/ course/degree	34,700	23.0	24.9	22.0
No	80,600	53.4	52.1	49.6
Don't know	5,100	3.4	3.7	2.8
Total (Weighted N=)	151,100	-	-	-

Source: Employer Perspectives Survey 2012

Two thirds of establishments with 250 or more employees who had placements/ internships took individuals on into longer term roles, compared with 28% of the smallest establishments with fewer than five employees. By sector, establishments in the hotels and restaurants sector were most likely to take individuals on into longer term roles (62%), followed by education establishments (55%), while establishments in the wholesale and retail (37%) and community, social and personal services sectors (33%) were least likely.

Reasons for not offering placements/internships

Establishments that did not offer any form of placement or internships were asked the reasons for not offering them, and the responses are shown in Table 7.11. The most common reason was that they did not have any suitable roles (37%), followed by no-one approaching them about a placement/internship (21%), and not having the time or the resources to manage it (16%). There was very little difference in the reasons giving by graduate recruiters who did not offer placement/internships, compared with all establishments that did not offer placement/internships.

Table 7.11: Reasons for not offering placements/internships (column %)

	Number	%
We have no suitable roles	460,500	37.3
Do not have the time/resource to manage it	194,600	15.8
Does not offer us any business benefits/Benefits not worth cost	61,000	4.9
Would like to but don't know how to organise	8,900	0.7
Never thought about it	85,200	6.9
No one has approached us	252,700	20.5
Recruitment freeze/not recruiting at present	106,200	8.6
No need	47,300	3.8
Red tape/bureaucracy	72,000	5.8
Bad experiences in the past	24,600	2.0
Company policy/Head Office decision	37,400	3.0
We're too small	39,000	3.2
We do confidential / sensitive work	11,500	0.9
We're a new business	14,900	1.2
No particular reason	6,600	0.5
Other	41,900	3.4
Don't know	60,700	4.9
Total (Weighted N=)	1,235,700	-

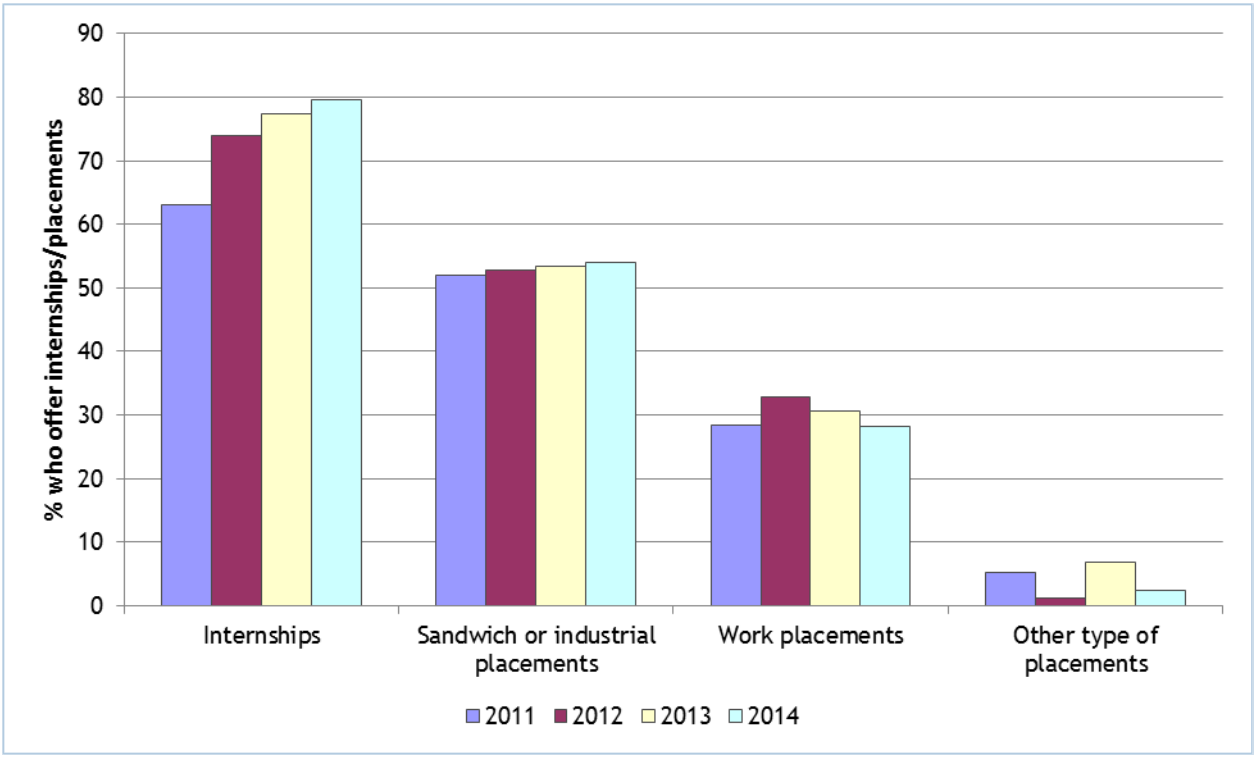
Source: Employer Perspectives Survey 2012 (multiple response question so sum of % may be greater than 100).

7.2.2 Internships and placements at Association of Graduate Recruiters member organisations

The majority of Association of Graduate Recruiters members offer internships/placements; nearly nine out of 10 (89%) of respondents in the summer 2014 survey offered internships/placements, up from 87% in 2013 and 85% in 2012.

Figure 7.1 shows the recent trend in the types of internships or placements offered by Association of Graduate Recruiters members. Internships are the most common form, and growing rapidly in popularity, offered by 80% of those who offered any type of internship or placement in 2014, up from 63% in 2011. Sandwich or industrial placements are the next most common form, and the proportion offering them has increased slightly in recent years, from 52% in 2011 to 54% in 2014. Work placements are less common, offered by around 30% of Association of Graduate Recruiters members who offer any type of internship or placement.

Figure 7.1: Type of internships/placements offered by AGR members, 2011-14, Summer Reviews



Source: Association of Graduate Recruiters Summer Reviews 2012-14

7.2.3 Awareness and use of the Graduate Talent Pool

The Graduate Talent Pool (GTP) is a Department for Business, Innovation and Skills-funded web initiative provided by Graduate Prospects to bring graduates seeking internship opportunities together with employers providing these. The website comprises registration and vacancy posting facilities and is managed to quality assurance procedures that take issues around social mobility seriously. For example, only charities and third sector opportunities are advertised as unpaid; all others being promoted on the basis of interns receiving at least the minimum wage and advice provided to employers stresses that making available unpaid internships is likely to restrict applications in ways that may not be supportive of business objectives. The website also includes information to employers on such matters as, design of internship experiences and aspects of employment legislation. The Project Manager of GTP comments that without the application of the quality measures, particularly in relation to payment, many more opportunities would be advertised but that these would be likely to be exploitative of graduates and place employers in unclear territory vis-a-vis employment law in the event of difficulties, such as (intern) misconduct, business security and health & safety:

> *'Many employers can recognise that it is in their interests to define the tasks, pay, and their expectations of the internship at the outset – a contract of employment, however temporary, is a two-way process, protecting both the employer and the graduate.'*

Evidence from the Employer Perspectives Survey

Establishments were asked about their awareness of a range of government services and initiatives, and 15% said that they were aware of the Graduate Talent Pool, second only to the Work Programme (Table 7.12).

Table 7.12: Awareness of government services and initiatives (column %)

Awareness of…	%
Jobcentre Plus's Work Programme	57.8
Steps to Work	1.7
Six Month Offer	14.2
Training for Work	3.3
Get Ready for Work	2.5
Community Jobs Fund	1.2
Employer Recruitment Incentive	1.8
Bridge to Employment	1.0
Go Wales	1.2
Jobs Growth Wales	0.8
ReAct, Redundancy Action Scheme	0.9
Graduate Talent Pool	15.1
None of the above	35.5
Total (Weighted N=)	1,708,500

Source: Employer Perspectives Survey 2012 (multiple response question so sum of % may be greater than 100).

Awareness of the Graduate Talent Pool increased with size, from 13% of establishments with less than 10 employees, to 43% of establishments with 250 or more employees (Table 7.13).

Table 7.13: Awareness of the Graduate Talent Pool by size of establishment, EPS 2012 (row %)

	Not aware	Aware	Weighted N=
2-4	87.4	12.6	893,500
5-9	86.7	13.3	376,800
10-24	81.8	18.2	253,900
25-49	77.3	22.7	90,100
50-249	71.2	28.8	80,300
250+	56.9	43.1	14,000
All	84.9	15.1	1,708,500

Source: Employer Perspectives Survey 2012

Looking at variation by sector, one in four education establishments were aware of Graduate Talent Pool, as were one in five establishments in the financial services,

business services, public administration, and health sectors (Table 7.14). At the other end of the scale, fewer than one in 10 construction establishments, and only one in 20 agriculture establishments were aware of Graduate Talent Pool.

Table 7.14: Awareness of the Graduate Talent Pool by sector, EPS 2012 (row %)

	Not aware	Aware	Weighted N=
Agriculture, hunting, forestry and fishing	94.5	5.5	55,700
Mining and quarrying	84.5	15.5	4,000
Manufacturing	85.4	14.6	100,200
Electricity, gas and water supply	84.7	15.3	45,100
Construction	91.1	8.9	162,600
Wholesale and retail trade	85.8	14.2	370,000
Hotels and restaurants	87.3	12.7	138,400
Transport, storage and communications	84.5	15.5	100,800
Financial services	79.3	20.7	21,700
Real estate, renting and business activities	80.8	19.2	333,900
Public admin. and defence; compulsory social security	80.2	19.8	35,400
Education	74.3	25.7	59,900
Health and social work	80.9	19.1	111,400
Community, social and personal service activities	87.9	12.1	169,400
All	84.9	15.1	1,708,500

Source: Employer Perspectives Survey 2012

Usage of Graduate Talent Pool was relatively low however. Only 8% of establishments who were aware of the service and who had had vacancies in the last year had made use of it to recruit staff, and these represented less than 1% of all establishments. Usage of Graduate Talent Pool was greatest among large establishments with 250 or more employees (17% of those who were aware and who had vacancies), and among those in the business services sector (13%). The low level of usage precludes any detailed analysis by employer characteristics due to sample size constraints.

Relationship between Graduate Talent Pool and offering placements/internships

There is a strong association between establishments' awareness of Graduate Talent Pool, and them offering university placements or internships. Twice as many establishments that offered university placements/internships were aware of the service compared with those that did not offer university placements/ internships (27% and 14% respectively), and similarly twice as many establishments that were aware of the service offered university placements or internships compared with those that were not aware of it (16% and 8% respectively).

This association is stronger among the smallest establishments than among larger ones. Nearly one in four micro establishments with fewer than 10 employees that offered university placements/internships were aware of Graduate Talent Pool, compared with 12% of micro establishments that did not offer university placements/internships, whereas among large establishments with 250 or more employees these proportions were 45% and

41% respectively. Furthermore, among establishments that were aware of Graduate Talent Pool, 10% of establishments with under five employees, and 15% of those with between five and nine employees offered university placements/internships, whereas among establishments that were not aware of the service these proportions were 4% and 7% respectively.

Relationship between Graduate Talent Pool and recruitment of 19-24 year olds into high level jobs

There is also an association between establishments' awareness of Graduate Talent Pool and their recruitment of 19-24 year olds into high level jobs. Around twice as many establishments that had recruited 19-24 year olds into high level job were aware of Graduate Talent Pool compared with establishment that had not recruited 19-24 year olds at all (26% and 14% respectively), and similarly twice as many establishments that were aware of the service had recruited 19-24 year olds into high level jobs compared with those that were not aware of it (7% and 3% respectively).

This association is strongest for small establishments, with less than 50 employees and particularly micro establishments with less than 10 employees. However, among medium establishments (50-249 employees) the association is fairly weak, and among large establishments with 250 or more employees the relationship breaks down and non-graduate recruiters were more aware of Graduate Talent Pool than were graduate recruiters, and those that were not aware of the service were more likely to have recruited 19-24 year olds into high level jobs than those who were aware of it.

Evidence from Graduate Talent Pool evaluation

In a recent, (2012) unpublished evaluation of the operation of the Graduate Talent Pool, which analysed vacancy volumes in January, May and October that year, it was found that:

- The predominant location of employers using Graduate Talent Pool was London and less than 2% were located in each of Northern Ireland, Wales and Scotland.

- Take up of Graduate Talent Pool as a recruitment mechanism appeared uneven across the UK albeit with 'hotspots' around cities, such as Cardiff in an otherwise 'low' region.

- The education sector and the IT/internet sector provided the highest volume of advertisements and vacancies, and whilst the lowest volumes of adverts were to be found in the banking, distribution and government sectors, these sectors provided the highest number of vacancies per advert.

- The primary users of the Graduate Talent Pool were micro enterprises (under 10 employees).

- A diverse range of graduate registrants (internship-seekers) was reported, representing all types of institution with the exception of registrants of Specialist institutions and a wide range of subjects studied.

- The quality assurance measures appear to have had little impact on the volume of paid vacancies (which are reported as increasing) but do appear to have impacted negatively on unpaid and expenses-only vacancies, which are reported as declining.

Evidence from survey of registrants

In a recent (2013) unpublished survey of graduate registrants using the Graduate Talent Pool (N = 1,392) it was found that:

- The highest proportion of subjects of study were, business & management (7.4%), political sciences (7.3%) and art & design (7%) and the lowest proportion included theology, animal and veterinary science and agriculture at less than 1% each.
- Around 84% of registrants held a Bachelors degree; 30% held a Masters degree and around 5% held postgraduate certificates/diplomas or foundation degrees.
- Interestingly, 44% reported holding a 2:1 classification of degree and 50% described themselves as unemployed upon registration.
- Registrants generally had a positive view of internship; those who had experienced internship felt it had improved their employability (92%) and more reported that it had led to a job with a different employer (30%) than reported it had led to a job with the same employer (19%).
- When questioned about the value of unpaid internship, those who had taken this up reported positive outcomes. Yet 33% indicated that they would not take an unpaid internship, most frequently (86%) because they felt they could not afford to work for free.

Distribution of employers from Graduate Talent Pool data

As the distribution of both supply and demand for internships appears to be uneven across both the UK and England, further analyses was undertaken to identify geographical spread using the National Statistics Postcode Lookup (November 2012 version) to map employers to regions and parliamentary constituencies.

The employer data indicated the demand for internships, and contained data for 9,179 internships, of which 8,527 could be matched to a parliamentary constituency using the postcode. Overall, around 50% of internships were located in London with a further 15% in the South East. The North West, West Midlands and East of England each had around 7-8% of the total number of internships.

The most common sector for organisations offering internships was IT. There were regional differences between London and remaining regions in the sector in which organisations worked. The distribution of internships in London was skewed towards charities, the voluntary sector, marketing, media and PR.

The number of internships offered in an area was again mapped at the level of parliamentary constituencies for each region. The parliamentary constituency with the highest number of internships was the City of London and Westminster which accounted for more than 10% of all internships (N = 857). Unsurprisingly internships in organisations

in the finance (7.6%, N = 68) and marketing (6.7%, N = 60) sectors were over-represented in this area although IT was still the most common sector for internships (11.6%, N = 103).

8 Diversity and Social mobility

This chapter moves on from looking at the specifics of graduate recruitment and selection practices to explore the cross cutting themes of diversity and social mobility. In particular it examines the incidence of employer monitoring of diversity, and any initiatives to increase diversity, as well as the influence of background and study characteristics on graduates' outcomes, how they found employment, and the quality of their employment in terms of its 'graduateness'.

The extensive literature on this topic is presented first, followed by evidence from the following data sources:

- Association of Graduate Recruiters Summer surveys
- Destinations of Leavers from Higher Education data for 2006/07 to 2010/11
- Futuretrack Stage 4 data

8.1 Evidence from the literature

8.1.1 Social class, social mobility and graduate recruitment and selection

Social class and access to higher education

Our main concern in this research is with whether employers' recruitment practices of graduates has a positive or negative impact on social mobility, and whether considerations of social class and socio-economic background are present in any way in the recruitment practices of employers. Given this focus, the question of access to higher education is inextricably linked to our research topic. Indeed, even if we were primarily interested in the occupational and labour market destinations of graduates and in the role of employers' practices in shaping these, it is important to also take a 'life-course' approach to the individual trajectories of graduates and consider what are the factors that determine whether graduates end up being graduates in first place, and which 'type' of graduates.

The logical antecedent to the social mobility implications of graduate recruitment practices concerns therefore the question of access to higher education: it is thus of analytical interest for our research question to understand whether and to what extent social class and social background matter in determining individuals' chances of accessing higher education and certain types of institutions or degree courses in particular. Much attention has been given by British policy makers over the last two decades to expanding and 'widening' participation to higher education, with the aim of reducing the social class gap in access to university and, ultimately, favouring social mobility. The logic behind the Widening Participation agenda rests on the assumption that access to higher education will lead to positive labour market outcomes for individuals – in relation to employment outcomes, higher earnings and access to higher status occupations.

In this sense, the question of who gets to access higher education, and to what type of higher education institutions in particular, matters crucially as the starting point when

considering the social mobility implications of graduates' labour market destinations – given that gaining access to higher education is the first necessary condition to become a 'graduate'.

Participation of young people in higher education has increased rather dramatically since the late 1990s. The most recent Higher Education Funding Council for England data (HEFCE, 2013) show that between 1998 and 2012, in England there has been a 26% increase in the young participation rate in higher education, from 30% to 38%; Wales experienced a 9% increase in the young participation rate over the same period of time, from 31% to 34%; Scotland had the highest young participation rate to begin with and experienced an increase of 12%, from 40% to 45%; and Northern Ireland experienced the largest increase (28%), with young participation rates in higher education going from 31 to 40% (HEFCE, 2013, p. 6).

Despite this impressive expansion in the rates of young people's participation in higher education, previous studies suggest that social class and socio-economic background are still very important in determining chances of accessing higher education in UK (see Gorard et al, 2006, for a large-scale review of the widening participation research literature). Indeed, despite the extensive policy attention which has been given to increasing participation in higher education for pupils from under-represented groups and from lower socio-economic backgrounds, the literature suggests that socio-economic inequality in access to higher education in the UK worsened somewhat during the first wave of expansion of higher education in the 1980s and early 1990s (cf. Machin and Vignoles, 2004; Galindo-Rueda et al, 2004; Archer et al, 2005). Whilst Raffe et al (2006) found that social class inequalities in relation to participation to degree provision in England were narrower in the early 2000s than a decade earlier, current evidence suggests that socio-economic inequalities in higher education access still persist to date. Indeed, evidence from the Higher Education Funding Council for England (2013) shows that even if the rates of participation in higher education have increased for both young people in the most advantaged and disadvantaged areas (in terms of higher education participation rates) since the late 1990s, the differences between the two remain very large, at around 40 percentage points.

In light of the existing socio-economic differences in the rates of higher education participation, a large body of literature exists which is concerned with understanding where these differences come from, and in particular with analysing the impact of individual background characteristics on educational success. By and large, the evidence points to the fact that educational attainment is directly influenced by socio-economic background as well as other individual factors (such as gender and race/ethnicity).

A large body of literature focuses on reviewing the role of various factors in influencing educational achievement, especially the role of socio-economic background (Gayle et al, 2002; Meghir and Palme, 2005; Blanden and Gregg, 2004; Carneiro and Heckman, 2002). These studies generally find that parents' characteristics play a significant role in determining an individual's likelihood of participating in higher education – especially the level of parental education and their socio-economic status – in line with the evidence emerging from similar non-UK studies (Hansen, 1997; Hansen and Mastekaasa, 2006). Another body of literature (Gayle et al, 2002; Bekhradnia, 2003; Feinsten, 2003; Chowdry et al, 2013) aims to understand at what point in the educational journeys of individuals educational inequalities amongst socio-economic groups emerge, and whether the

differences in higher education participation rates observed amongst socio-economic groups are reduced or disappear when taking into account differences in educational achievement at earlier stages. The findings (cf. Chowdry et al, 2013) point to the fact that differences in educational achievement between different socio-economic groups at A-level and GCSE-level explain a large part of the socio-economic differences observed in rates of higher education participation. An – albeit modest – difference on the basis of socio-economic status in rates of participation remains however at the point of entry to university, even when controlling for pupils' earlier academic achievement (cf. Gayle et al, 2002; Chowdry et al, 2013) – suggesting that other barriers beside educational attainment alone may be at play and negatively affecting the probability of pupils from disadvantaged socio-economic backgrounds to enter higher education (Connor et al, 2001; Forsyth and Furlong, 2003; Quinn, 2004; Gorard et al, 2006).

One of these factors is the type of school attended, which seems to play a big role in determining chances of pupils' acceptance into higher education institutions in general, and into highly selective universities in particular. A report by the Sutton Trust (2011) finds, perhaps unsurprisingly, a strong link between the average A-level results of a school or college and its pupils' chances of progressing to higher education. Pupils from independent schools appear twice as likely as pupils in comprehensive schools to be accepted into one of the 30 most highly selective universities in the UK, and large differences between independent and comprehensive schools in the rates of university progression emerge even for schools with similar examination results. Whilst this difference is probably due to the different practices of schools in relation to the advice and guidance they are able to provide to pupils – with regard to subject choices, application process and capacity to raise pupils' aspirations – it still suggests that the social stratification which heavily characterizes the UK school system is partly reproduced in the process of progression to higher education, with obvious negative consequences from the point of view of social mobility.

The question of stratification within British higher education is another topic widely covered in the literature which bears relevance to the question of access to higher education and its linkages with graduate recruitment and selection trends. Many authors have described how the British higher education system is stratified between different types of institutions (old/new, post and pre 1992, different mission groups and so on). The differences between institutions in terms of status and prestige are engrained in tradition, although it is also claimed that these are increasingly blurring as a consequence of the expansion of higher education. Raffe and Croxford (2013) however find, on the basis of their analysis of UCAS admission data, that the hierarchical social stratification of British higher education institutions is still very much present – in the sense that a) the institutional stratification between pre- and post- 1992 universities – defined in terms of selectivity at entry – is as stable in 2013 as it was in the 1990s; and b) students from advantaged socio-economic backgrounds are still disproportionately more likely to attend a high status institution than their counterparts from more disadvantaged socio-economic backgrounds. This in turn has implications for subsequent labour market outcomes, in relation to the positional advantage that graduates from 'elite' or 'high status' institutions will then go on to acquire in the graduate labour market – a factor that will be reviewed in a subsequent section of this literature review on employers' practices and recruitment criteria.

Overall, the body of literature reviewed above relating to access to higher education and the widening participation agenda shows that, even in the context of the mass expansion

of higher education which has been on-going since the late 1990s and despite continued policy efforts to widen participation to higher education to non-traditional groups, individuals' socio-economic background still matters heavily – either directly or indirectly – in determining chances of accessing higher education, and highly selective institutions in particular.

Social class and graduate recruitment: pointers from the available evidence

The review of recruitment and selection methods in both large organisations and small and medium-sized enterprises developed above has shown that numerous structural changes in the nature of higher education and in the economic climate faced by graduates and graduate recruiters alike have led to profound changes in the nature of the graduate recruitment and selection process, which now appear to include a much broader variety of methods and to encompass a much wider variety of factors than educational qualifications alone.

In response to the expansion of higher education, it remains an open question as to whether employers have consciously adapted their recruitment and selection strategies to better cater to the increasing diversity of the graduate talent pool. The issue of diversity and social mobility and graduate recruitment has indeed gained increasing attention from the policy-focused and academic literature. We now proceed to review the limited available evidence about the social mobility implications of existing graduate recruitment and selection strategies, as well as some examples of good practice in addressing these issues.

Findings of the Milburn Review (Cabinet Office, 2009) showed clearly that social class influences heavily the chances of access to the professions in the UK, with serious implications for social mobility, and similar findings emerged by research by Brown and Hesketh (2004), Macmillan and Vignoles (2013) and Gordon (2013) who all find that social class still represents a barrier to employment opportunities in the graduate labour market. The most recent data from the Department for Business, Innovation and Skills (2014) show that the gap in the proportion of the working-age population employed in managerial or professional occupations between the most socio-economically advantaged groups and other groups, as captured by paternal occupation, is still sizeable (16 percentage points), although it appears to be reducing over time. Overall, it appears that even in the context of Widening Participation to higher education and increasing policy concerns about social mobility, gaining access to higher education and becoming a graduate does not, in itself, necessarily or automatically equate with an expansion of opportunities in the graduate labour market, as social background continues to play a role in shaping individual opportunities beyond the point of graduation (Brennan and Shah, 2003; Triventi, 2013). In this respect, the partial failure of higher education to deliver the expected social mobility outcomes, especially for students from more disadvantaged backgrounds, has recently been at the centre of the policy debate, with a recent CentreForum report (Brown, 2014) calling for the introduction of a Social Mobility Graduate Index to track higher education institutions performance in this respect.

However, whilst higher education institutions have a key role to play in delivering positive educational and employment opportunities for their graduates in a social mobility perspective, the role of employers is equally central – and understanding the way in which

the recruitment and selection practices of employers compound or ease the issue of social mobility in the graduate labour market is therefore particularly important.

Equality and diversity and social mobility considerations in graduate recruitment and selection practices

The literature highlights that many of the widespread practices in graduate recruitment and selection which have been reviewed above pose particular issues from a social mobility perspective. The first issue concerns the targeting of universities undertaken by graduate recruiters: indeed, despite the increasing diversity of higher education in the UK, the literature review has shown that many large employers, especially those who run high-potential fast track graduate recruitment schemes for the most prestigious professions, target a very limited number of universities in their recruitment efforts, often focusing on 'old' universities in the top 20% of the league tables (Cabinet Office, 2009; Browne, 2010; Hesketh, 2000) who, as we have seen, individuals from more advantaged economic backgrounds are more likely to attend. Whilst some employers were found to be taking deliberate steps to increase the range and number of universities they targeted, it remains to be explored how widespread these good practices are.

Hesketh (2000) also finds that the hierarchical stratification of higher education in the UK between 'new' and 'old' universities and universities with high and low entry requirements still appears to play a role in shaping employers' perceptions of the quality of graduates, even though no statistically significant relationship was found, in the analysis, between the type of institution attended by a graduate and their actual performance in the job, as rated by employers.

The Milburn review (2009) also highlighted how, amongst most recruiters of graduates, there was no systematic monitoring of the socio-economic background of applicants. These findings are echoed by the Association of Graduate Recruiters (2013a) employers survey, which found that only 15% of employers monitored the socio-economic background of their applicants, whilst 54% of employers did not do so and had no plans to introduce monitoring in the future.

Specific selection methods are also found in the literature to present problematic implications from a social mobility perspective. For example, it is argued that the increasing emphasis attached in recruitment methods to assessment centres and competency-based tests may work against candidates from lower socio-economic backgrounds who may not have the necessary social or cultural capital, and in particular the necessary confidence, to come across positively and demonstrate their skills and competences in these unfamiliar settings (Purcell et al, 2002).

In this respect, an increasing body of literature builds on Bourdieu's (1986) concepts of social, cultural and economic capital to analyse from a sociological and anthropological perspective the way in which graduate recruitment practices are socially and culturally biased against candidates from lower socio-economic backgrounds who do not acquire the necessary, legitimised forms of cultural capital (cf. Browne, 2010; Ashley and Empson, 2013).

In her analysis of recruitment practices in financial services organisations, Browne (2010) finds that white, male, privately schooled candidates are still advantaged in accessing fast-

track internship schemes with fast progression opportunities. Evidence from the legal sector (cf. Shiner, 2000; Rolfe and Anderson, 2003; Ashley and Empson, 2013) also shows that the vast majority of trainees in leading law firms are privately educated, from higher socio-economic background, and more likely to have attended an elite institution. It is argued by Ashley and Empson (2013) that in many cases graduates from more privileged socio-economic background are advantaged in accessing certain high-status professions not just due to their higher educational achievement, which inevitably plays a role in terms of the credentials they hold, but also due to the specific forms of cultural capital they embody, which 'fit' with the reputation of the sector and help organisations to reproduce and project images of exclusiveness and professionalism. In line with Bourdieu's (1986) theory, it is argued therefore that exclusion from certain professions on the basis of social class appears to be a means to secure the reproduction of the middle class and its privileges.

The question of social and cultural capital in shaping employers' decisions in recruitment and selection acquires even more relevance in the context of the literature reviewed above on the attributes that employers value in graduates, which highlighted the relative decline in the importance attached to educational credentials and qualifications (Jackson et al, 2005) in comparison to other individual attributes and competencies, and emphasised specifically the importance attached by employers to previous work experience in the process of recruitment and selection of graduates.

Both large and small employers were found to attach great importance to work experience both as a marker of employability, skills and work readiness, but, increasingly, also as a tool for pre-selection and sifting of candidates. Extra-curricular activities were also increasingly found to be valued by employers as a way to assess graduates' transferable and social skills.

As already highlighted, this trend has potential negative implications for social mobility, as individual's likelihood of engaging in extra-curricular activities during their studies is heavily influenced by social class background (Purcell et al, 2013). Furthermore, access to specific types of work experience also depends largely on individuals' resources to access and make use of personal networks (Tholen et al, 2013). This is particularly true for internships in certain sectors, which were found by the Milburn Review (Cabinet Office, 2009, p.100) to constitute an advantaged entry point to many professional jobs. The Milburn review (Cabinet Office, 2009) identified different types of barriers which may negatively influence the ability for graduates from lower socio-economic backgrounds to engage in internships during their studies: first of all, socio-economic factors that prevent individuals from being able to work for free; secondly, geographic factors which influence individuals' capacity to travel or live near the place of their internship; and thirdly, information and social capital factors which may make it impossible for individuals to access the necessary networks to secure an internship in first place. The Milburn Review (2009) contained numerous recommendations for employers, government and higher education institutions to make access to internships fairer and increase opportunities to access them for students from lower socio-economic backgrounds who are traditionally under-represented, but the allocation of internship opportunities still appears to be heavily skewed towards socio-economically advantaged students and graduates.

Overall, the literature reviewed above suggests that numerous mechanisms which are in-built in employers' practices for the recruitment and selection of graduates may put

students from lower socio-economic backgrounds at an inherent disadvantage, although not necessarily in a deliberate manner.

Examples of 'good practice'

Given the findings above, it is interesting to review the extent to which employers display awareness of the social mobility implications of their recruitment practices, and the extent to which they are taking measures to address the problems identified.

The Chartered Institute of Personnel and Development (2013b) considered in their annual Resourcing and Talent Planning survey the extent of employers' awareness of diversity considerations in their recruitment practices. Nearly three fifths of organisations were found to have a diversity strategy, rising to four fifths of public sector organisations. The most common methods used to address diversity issues were monitoring recruitment and/or staffing information to obtain data on gender, ethnicity, disability, age and so on, and training interviewers to understand what diversity is about and the impact of stereotypes. The private sector is less likely than the public sector to have a formal diversity policy; moreover, those private sector organisations that had one used fewer methods on average to address diversity. However, findings by the Association of Graduate Recruiters' employers survey (2013a) already highlighted above showed that only a minority of large employers monitored the socio-economic background of their applicants – suggesting that whilst awareness of equality and diversity in general may be increasingly embedded in organisations' HR practices, social mobility considerations were still not particularly high on the employers' agendas.

Numerous attempts to address this issue however exist in practice. Following the 2009 Milburn review and its recommendations, the 2012 Wilson Review on the collaboration between business and universities also highlighted the potential negative social mobility and diversity implications of some graduate recruitment and selection practices, and made a number of recommendations to address the issues. In particular, it recommended that appropriate funding and support mechanisms should be put in place to enable all students to undertake paid internships or work experiences during the course of their studies, so as to open up these opportunities to students from all socio-economic backgrounds; and that graduate recruiters reviewed their screening mechanisms in graduate recruitment to be aligned with their diversity objectives. As a follow up to these recommendations, the Association of Graduate Careers Advisory Services and Association of Graduate Recruiters have initiated the 'Graduate Success Project'; the final report, authored by Pennington et al (2013), produced a number of recommendations for employers to review their recruitment and selection practices in light of diversity and social mobility considerations, which resonate with many of the issues flagged up in the section above. Positive examples of concrete initiatives aimed at addressing existing issues in access to the professions and improving social mobility recruitment come from the law sector, in which many leading law firms, working collaboratively and sharing information, are currently taking concrete measures to move towards better social mobility recruitment practices – ranging from the use of CV blind interviews, use of contextual data on socio-economic background in ranking of applicants, working from early on with schools and local communities and offering targeted work experience and internship programmes (GTI, 2014). Other examples of 'best practice' guides aimed at employers to increase the fairness of their recruitment and selection strategies include: the '*Best practice in graduate recruitment*' (2006) produced by the Association of Graduate Careers Advisory Services,

the Association of Graduate Recruiters and the National Union of Students as the outcome of a compact between employers, students and careers services for fair and transparent graduate recruitment practices; the Association of Graduate Recruiters 'Don't miss out on the best' guide for employers, designed to enhance social mobility in recruitment; as well as various Chartered Institute of Personnel and Development publications (CIPD 2013a, 2013c) about promoting social mobility in recruitment for HR professionals and within the HR profession itself.

Furthermore, various policy initiatives which form part of the government's social mobility agenda aim to increase the commitment of businesses to social mobility. Prominent recent examples include the Business Compact, an initiative launched by the Cabinet Office and currently led by the Department for Business, Innovation and Skills which encourages firms to adopt fair and open recruitment practices, offering fair access to work experience and engaging with local school and colleges to raise young people's aspirations, and the Opening Doors campaign, also initiated in 2013 by the Cabinet Office, designed to open up employment opportunities for young people from disadvantaged socio-economic backgrounds.

The academic literature on employers' best practices in graduate recruitment and selection from a social mobility perspective is still somewhat limited. Purcell et al (2002) undertook one of the few studies which looked specifically at the challenges faced by employers in the recruitment process in an expanded graduate labour market, and at examples of employers' best practices in recruiting from an extended and more diverse pool of applicants. They focused on identifying employers who were responding to the changes in the demographic and socio-economic characteristics of the graduate talent pool and adapted their recruitment and selection strategies to ensure that they fully utilised the new diversity of graduate labour market entrants, doing so in ways that avoided discrimination against candidates from 'non-traditional' backgrounds. They highlighted a list of 'good practices' that employers engage in to promote diversity in their workforce. These include building close relationships with higher education institutions from early on and offering placement opportunities to help graduates inform their career choices; being clear about skills and competencies sought for, and not confusing them with related individual social or cultural attributes; promoting opportunities widely without recurring to 'exclusive' networks of higher education institutions; and being explicit about their nature as an equal opportunities employer, often explicitly encouraging candidates from under-represented backgrounds to apply. As a result of this research project, guidelines for employers were developed in partnership with the Chartered Institute of Personnel and Development, Council for Industry and Higher Education and the Confederation of British Industry – 'Recruiting from a wider spectrum of graduates'. Chartered Institute of Personnel and Development (2013d) and the Education and Employers Taskforce (Mann et al, 2014) also recently undertook research in the role of employers' engagement with schools to bridge the 'opportunity- information' gap and tackle from early on some of the barriers faced by young people from disadvantaged backgrounds in their decision-making processes about further education and potential careers.

In this respect, the sixth Confederation of British Industry Education and Skills survey (2013) found that the number of businesses who have links of some type with one or more school or colleges is increasing (85% of the surveyed sample of 294 employers). Four fifths (81%) of them offer work experience placements to school and college students, whilst 64% are involved in providing careers advice and talks; 61% of all employers

express an appetite for greater involvement in careers advice and guidance for school students – suggesting that there is potential for growing linkages between business and schools to address not only the 'opportunity-information' gap for young people but also to build a pipeline of talent from early on and increase the confidence and skills profile of young labour market entrants.

8.1.2 Evidence on occupational destinations and socio-economic background

In the context of an increasingly competitive graduate labour market in which occupational destinations are increasingly diversified, we now move to review the body of evidence which investigates the connection between graduates' social background and employment outcomes – a question of key interest in the perspective of social mobility and graduate recruitment. Whilst a relatively large body of literature exists that focuses on the role of ethnicity, gender and age in shaping employment outcomes (see Brennan and Shah, 2003, for a comprehensive review of the literature up to the early 2000s), the question of social background and its correlation with employment outcomes appears to have received more limited attention.

Amongst the few studies available, the surveys of successive graduate cohorts are particularly enlightening in showing how the social background of graduates appears to be strongly correlated with employment outcomes, and are reliable in their results due to the methodological robustness deriving from the rigorous design of the longitudinal surveys and the richness and depth of data collected.

Evidence from a cohort of graduates gaining their degrees in 1995, surveyed three years after graduation in the *Moving On* survey, (cf. Elias et al, 1999; Purcell et al, 2002) shows that social background – captured by parental occupation when the respondent was aged 14 – is positively correlated with earnings up to three years after graduation. On average, the higher a graduate's socio-economic status, the higher the earnings. However, this effect is not significant when controlling for institution attended, subject studied and degree classification. Social class, however, is also significantly correlated with the type of university attended and the type of course completed, so the causal relationships between socio-economic background variables and outcomes is likely to be mediated by these factors, as well as compounded by the influence of other demographic characteristics, and thus difficult to isolate in its independent effect (Purcell et al, 2002; Brennan and Shah, 2003).

For what concerns occupational destinations, Elias et al (1999) find that for the cohort of 1995 graduates, three years after graduation, the likelihood of being employed in a non-graduate occupation was not significantly correlated to social background per se when controlling for factors such as type of institution attended, class of degree, gender and entry level qualifications, However, type of institution attended (whether an old, pre-1992 university or a new, post-1992 university) was significantly correlated with likelihood of being in a non-graduate occupation – with graduates of new universities being considerably more likely to be in non-graduate employment three years after graduating.

In Seven Years On (Purcell and Elias, 2004), the authors analysed the labour market outcomes of the same cohort of 1995 graduates which had been surveyed in *Moving On,* this time looking at their employment outcomes in 2002, seven years after graduating.

Interestingly, they did not find an independent effect of either socio-economic background or of type of institution attended on the earnings of graduates seven years after graduation – suggesting that for this cohort, the effect of these factors which had been found as significant after three years became weaker as individuals progressed in their careers.

A study following a successive cohort of graduates gaining their degrees in 1999, *The Class of '99* (cf. Purcell et al, 2005), surveyed a large sample of individuals from 38 different higher education institutions four years after graduation. This study found that social class background had no significant independent effect on individual's likelihood of being in a non-graduate occupation, on their likelihood of having experienced at least six months of unemployment since graduation or on their earnings, when controlling for factors such as subject studied, type of institution attended and class of degree.

However, the type of institution attended (whether pre- or post-1992) was found to be a significant predictor of likelihood of being in a non-graduate occupation even when controlling for subject or class of degree, with graduates from post-1992 universities being 37% more likely to be in non-graduate occupations compared to their counterparts attending old universities. This study also found that class of degree, attainment at A-levels and previous work experience (or lack thereof) significantly influenced likelihood of being in a non-graduate occupation or of having accumulated six months of unemployment since graduation, even when controlling for a range of other factors.

Purcell et al (2005) also investigated likelihood of having progressed to further study after gaining a first degree, and found that whilst the likelihood of having undertaken postgraduate study was not directly affected by social background, factors such as being free from debt, having a father with a degree and having attended an old university all had a significant, independent and positive effect on the likelihood of progressing onto postgraduate study – suggesting that, in this respect, the effect of social background as such is very likely to be mediated by these other class-related factors.

Moving our focus to more recent cohorts of graduates, the Futuretrack study by Purcell et al (2013) investigated the impact of socio-economic background on employment outcomes for graduates who had applied for higher education entry in 2006 and that had graduated in either 2009 or 2010. Looking at graduates' employment outcomes either 18 or 30 months after graduation, in the winter of 2011/12, the authors found that whilst no significant differences were present in the likelihood of graduates being in non-graduate employment or in unemployment on the basis of socio-economic backgrounds, significant differences were present in likelihood of engaging in other activities such as unpaid work, travel, or postgraduate study on the basis of social class – a difference which may well have longer term impacts on labour market outcomes at later stages in life. Purcell et al (2013) also found that participation in extra-curricular activity was most strongly influenced by socio-economic background. As increasing numbers of graduates leave higher education with a 1st or 2:1, Purcell et al (2013) emphasise that extra-curricular activity provides 'added value' to graduates to set themselves apart from their peers in the graduate labour market, and appears indeed to be associated with positive post-graduation employment outcomes. This in turn suggests that graduates from lower socio-economic backgrounds may find themselves at a disadvantage upon entering the world of work due to their lower levels of extra-curricular experience, even in comparison to their peers with similar degrees and from the same type of institution.

Macmillan and Vignoles (2013), using Destinations of Leavers from Higher Education data for graduates who had left higher education in 2006/07 and had been surveyed six months and then three years after graduation, report that at six months from graduation no independent effect of socio-economic status in helping graduates secure access to higher status occupations after graduation is found. Socio-economic status, however, was found to have a positive effect on academic achievement, degree subject, class of degree and university choice (in terms of the type of institution attended) – all factors that, as the studies discussed above suggest, have been found to have a significant effect on post-graduation labour market outcomes. Furthermore, looking at employment outcomes three years after graduation, socio-economically advantaged graduates were more likely to be in highest status occupations than their counter-parts from lower socio-economic backgrounds. Students from state schools were, conversely, considerably less likely to access highest status occupations, especially those in SOC Group 1 (managers and directors). The social gradient was found to be much stronger for males than females, a fact probably associated with the dominant patterns in female occupational choices. The observed socio-economic gap in access to high status occupations appeared reduced when controlling for other factors (such as attainment, degree class, institution), thus suggesting that a main way in which socio-economic advantage translates into higher occupational status is via its effect on educational achievement. At the same time however, even when comparing students from same institution type, same subject and same degree class, Macmillan and Vignoles (2013) found that socio-economic status and private schooling positively affect a student's chances of entering highest status occupations.

The type of institution attended was also found to have a distinctive impact on employment outcomes, with graduates from high entry tariff universities most likely to enter 'expert' occupations or graduate occupations. Graduates from medium entry-tariff and specialist higher education institutions were on the other hand as likely as graduates from low-tariff institutions to be in non-graduate jobs or unemployed.

A recent Higher Education Funding Council for England report (HEFCE, 2013), based on administrative data on five successive cohorts starting Higher Education between 2002/03 and 2006/07 also shows a clear gradient in post-graduation outcomes on the basis of socio-economic factors. In particular, it highlights how the proportion of students coming from neighbourhoods with the lowest rates of participation in higher education (ie from the lower quintile of the POLAR3 classification) are considerably less likely than their counterparts from neighbourhoods with the highest rates of participation in higher education to achieve a degree and progress to employment or graduate employment six months after graduation. However, this is likely to be correlated with the type of institutions that students from low participation neighbourhoods tend to attend – as the data also shows that students from low entry tariff institutions were considerably less likely to achieve a degree and progress onto graduate employment than students from high entry tariff institutions.

Overall, what the evidence suggests is that the impact of socio-economic background on employment outcomes post-graduation is mainly indirect, and mediated by factors which are strongly correlated with socio-economic background such as the type of institution attended, class of degree attained or ability to engage in extra-curricular activities. Whilst the four cohorts considered here (Elias et al, 1999; Purcell and Elias, 2004; Purcell et al, 2005; Purcell et al, 2013) do not find, in general, an *independent* effect of socio-economic

background on occupational outcomes – in terms of individuals' likelihood to be in a non-graduate occupation three years or even seven years after graduation – the evidence from Destinations of Leavers from Higher Education data emerging from Macmillan and Vignoles (2013) suggests that even when controlling for other mediating factors, socio-economic background still exercises an independent, significant effect on graduates' chances of entering high-status occupations specifically, even three years after graduation. This evidence is not contradictory, because whilst it may be the case that socio-economic background may not directly impact graduates' chances of entering graduate employment in general, it is however plausible that graduates from more disadvantaged socio-economic backgrounds may still face specific barriers in accessing the highest status occupations, such as the 'professions'.

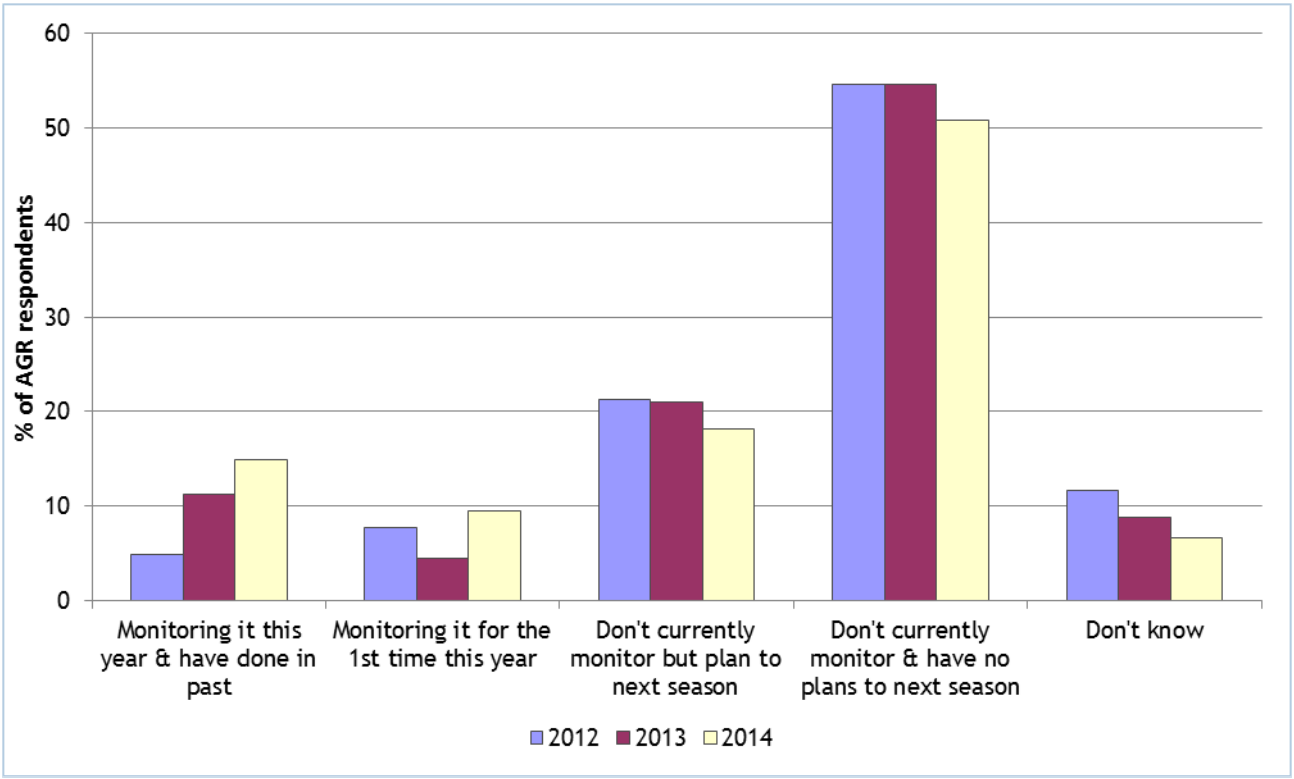
8.2 Evidence from secondary data sources

8.2.1 Graduate recruiters' monitoring of socio-economic diversity – Association of Graduate Recruiters

The Association of Graduate Recruiters Summer Review has, since 2012, asked members whether they monitor the socio-economic background of graduate recruits, and if so what data are collected, and also whether they have taken any initiatives to increase the socio-economic diversity of graduates.

In 2014 just under a quarter (24%) of Association of Graduate Recruiters respondents planned to monitor the socio-economic background of graduate recruits, with 9% planning to monitor for the first time, and 15% having monitored it in the past. The proportion planning to monitor the background of graduate recruits has nearly doubled since 2012, when 13% of Association of Graduate Recruiters respondents intended to monitor it. However, half of Association of Graduate Recruiters members still do not monitor it and have no plans to do so in the next recruitment season (Figure 8.1).

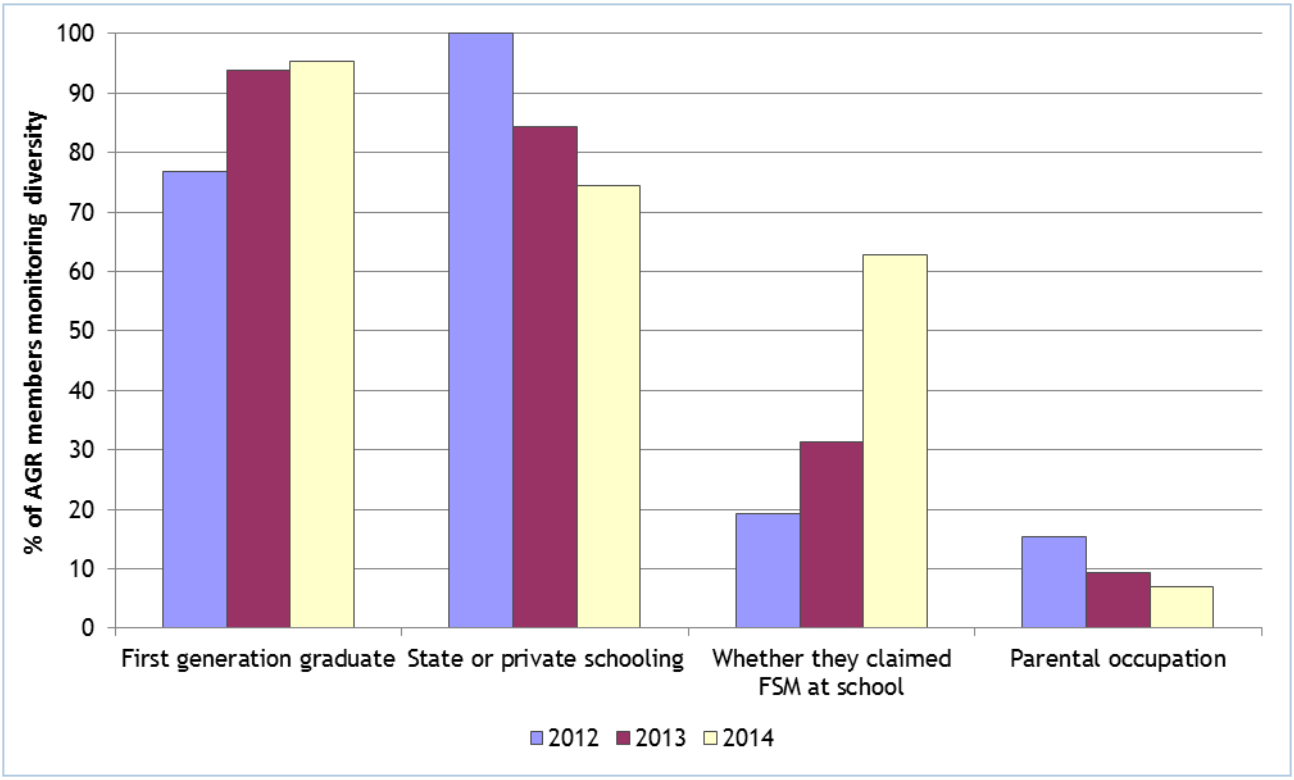
Figure 8.1: Whether AGR employers will monitor the socio-economic background of graduates recruited to their organisation, 2012-14, Summer Reviews



Source: Association of Graduate Recruiters Summer Reviews 2012-14

The most common type of data collected in monitoring the socio-economic background of graduate recruits, among those Association of Graduate Recruiters members that do monitor backgrounds, is whether the recruit is a first-generation graduate or not, with nearly all Association of Graduate Recruiters members (95%) collecting data on this, followed by state or private schooling (74%) and whether the individual claimed free school meals at school (63%). There has been a shift towards collecting information on first-generation graduates and free school meals, and a shift away from collecting information on state or private schooling, and parental occupation, since 2012 (Figure 8.2).

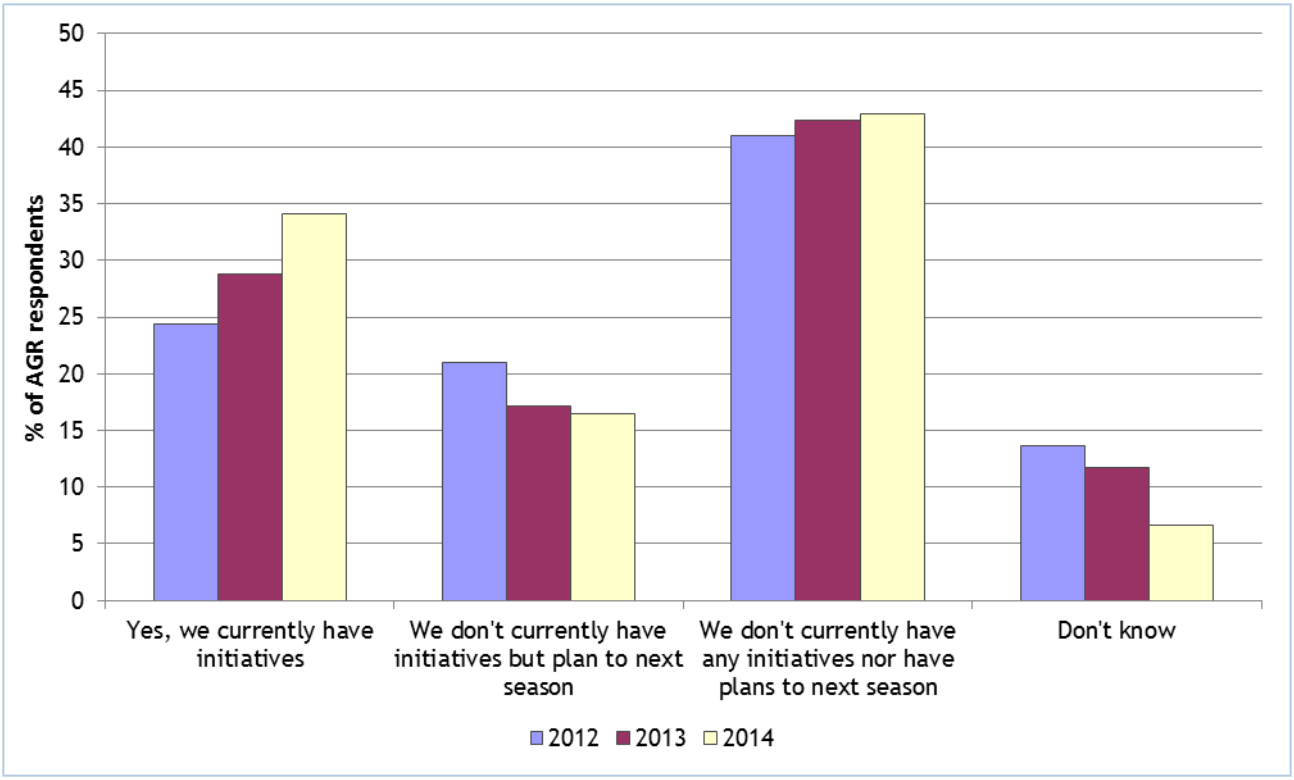
Figure 8.2: Type of socio-economic data collected by AGR employers who monitor the diversity of graduate recruits, 2012-14, Summer Reviews



Source: Association of Graduate Recruiters Summer Reviews 2012-14

All Association of Graduate Recruiters respondents were asked if they had any initiatives within their organisations to increase the socio-economic diversity of the graduates they recruit. Figure 8.3 shows that there has been an increase in the proportion of respondents who have initiatives, from 24% in 2012 to 34% in 2014, but that there has also been an increase in the proportion of respondents who do not have initiatives and who had no plans to introduce any in the next recruitment season, from 41% in 2012 to 43% in 2014. This suggests a polarising of views and practice among graduate recruiters regarding their role in facilitating social mobility.

Figure 8.3: Whether AGR respondents have any initiatives to increase the socio-economic diversity of graduates, 2012-14, Summer Reviews



Source: Association of Graduate Recruiters Summer Reviews 2012-14

8.2.2 Influence of background on subject choice

The combination of POLAR data and destination data can be used to examine those graduates who entered employment by the level of participation in higher education of their home domicile and thus provide a perspective on graduate employment and social background.

Subject choice often plays an important part in the choice of occupation for many graduates and so it is instructive to consider the social backgrounds of graduates from different subject groups.

Table 8.1 shows the patterns of subject by POLAR2 groups. Looking first at medical and STEM subjects, medicine and veterinary sciences have the highest proportion of graduates from high participation areas of all subjects, and most STEM subjects, with the exception of subjects allied to medicine (mainly nursing), biological sciences and computer science, have at least 30% of their graduating cohort from the highest participation quintile and less than 10% from the lowest participation quintile.

Table 8.1: Subject of study of UK-domiciled first degree graduates from 2010/11 after six months, by POLAR2 (row %)

	High	Medium-high	Medium	Low-medium	Low
Medicine & dentistry	44.3	24.7	16.0	10.6	4.4
Subjects allied to medicine	24.7	23.2	19.8	19.3	12.9
Biological sciences	27.3	23.9	19.4	18.3	11.1
Veterinary science	41.6	29.8	15.7	9.3	3.7
Agriculture & related subjects	30.2	28.3	19.3	13.6	8.5
Physical sciences	32.6	25.8	18.3	14.6	8.7
Mathematical sciences	34.4	23.9	17.3	15.9	8.5
Computer science	23.9	22.4	19.4	20.7	13.6
Engineering & technology	31.0	25.0	17.9	16.2	9.9
Architecture, building and planning	31.6	24.2	18.7	16.6	8.8
Social studies	30.2	23.1	18.4	17.3	10.9
Law	27.3	22.2	19.2	19.3	12.1
Business & administrative studies	28.8	23.4	18.7	18.3	10.8
Mass communications & documentation	26.8	23.4	19.5	18.6	11.7
Languages	33.8	24.6	17.9	14.7	8.9
Historical and philosophical studies	36.0	24.4	17.6	14.0	8.0
Creative arts & design	27.6	24.4	19.3	17.9	10.8
Education	21.7	23.2	20.3	20.7	14.2
Combined	27.5	23.2	19.3	18.9	11.0

Source: Destinations of Leavers from Higher Education 2010/11

Turning to the patterns for architecture, social sciences, arts and humanities subjects, most of these, with the exception of architecture, languages and history and philosophical studies, have a lower proportion of graduates from the highest participation areas than the STEM subjects, and a higher proportion from low participation quintiles.

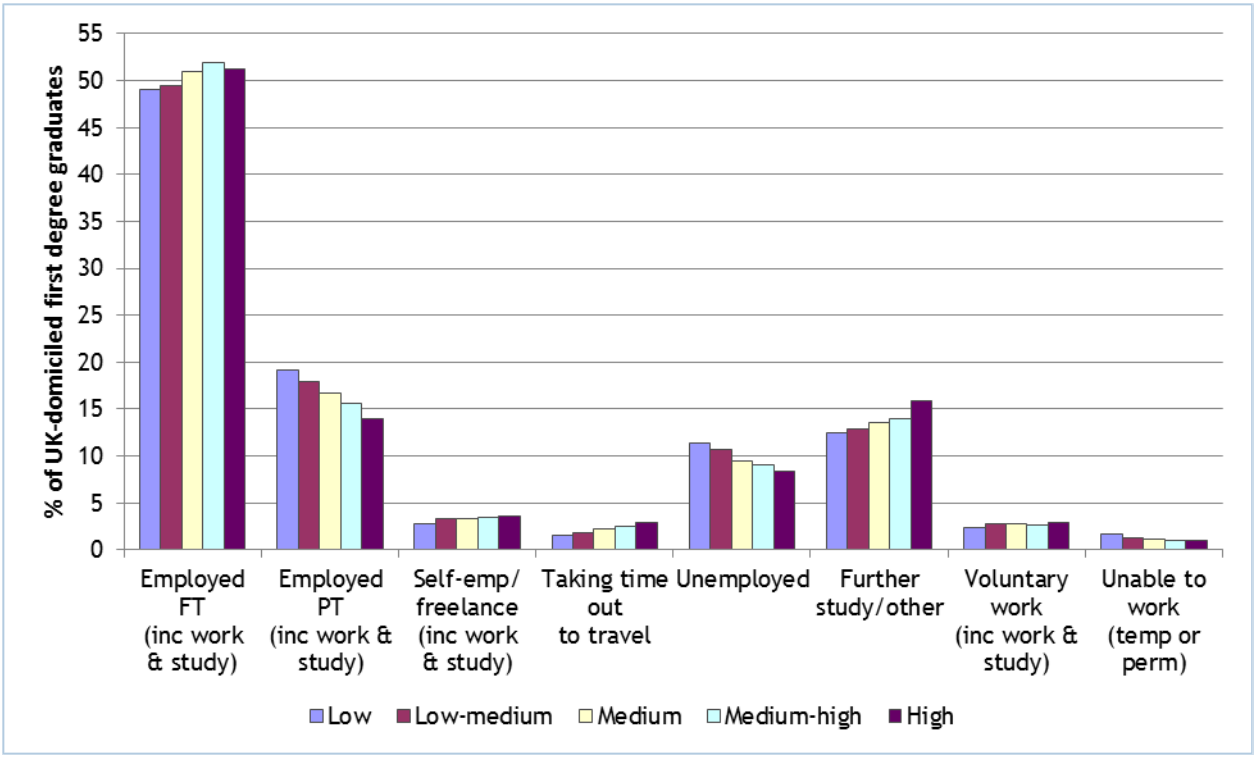
In general the data suggest that graduates in medical and STEM subjects are more likely to be from backgrounds associated with high levels of participation in higher education than are those studying non-STEM subjects.

8.2.3 The impact of rates of participation in higher education on graduate employment

The next part of our examination of the effects of social background, as indicated by POLAR2, on employment data is to examine outcomes. Figure 8.4 shows that the higher the higher education participation quintile of the graduate, the more likely they were to be in full-time work or further study after six months, and the less likely they were to be out of work or in part-time study than those from lower participation neighbourhoods. Graduates from high participation backgrounds were also more likely to be self-employed, more likely to be travelling, and less likely to be either permanently unable to work or temporarily sick or looking after a family than those from lower participation neighbourhoods.

If we assume that graduates from higher participation quintiles are from more affluent backgrounds, then the more affluent the graduate's background, the more likely they are to experience a positive outcome from higher education after six months.

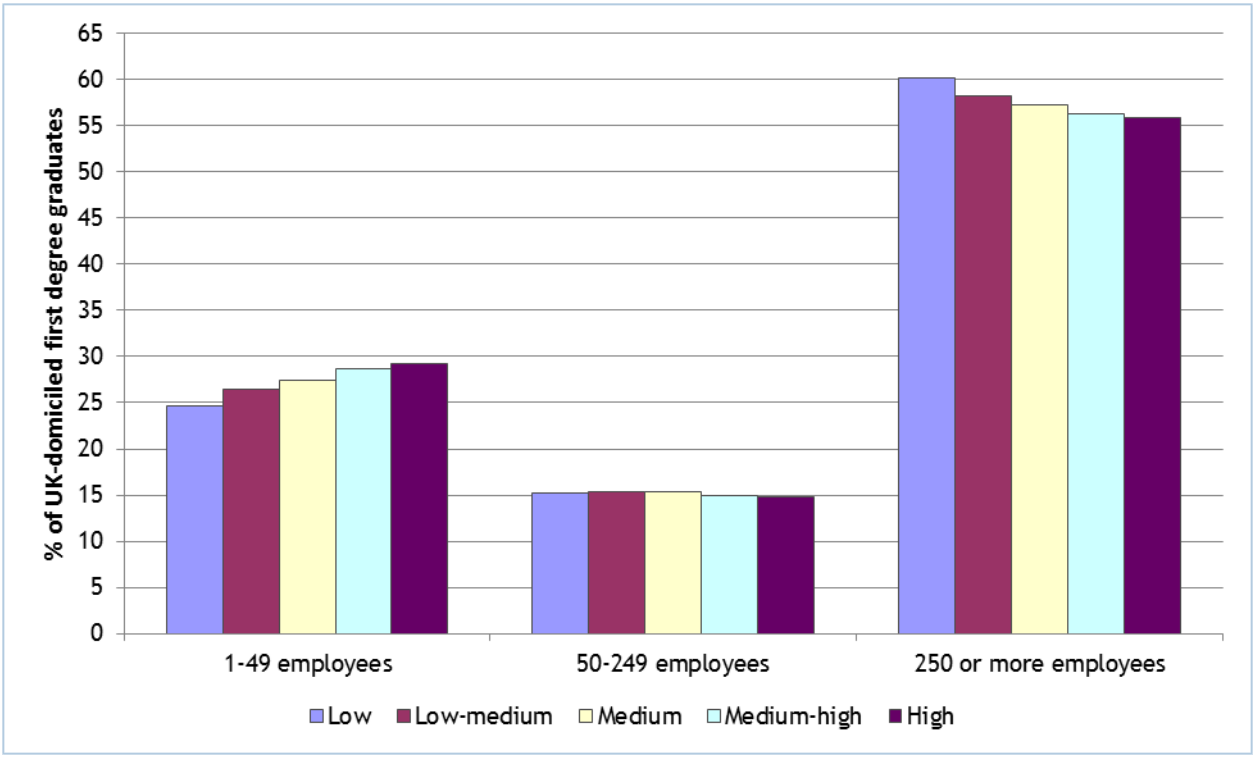
Figure 8.4: Employment circumstances of UK-domiciled first degree graduates from 2010/11 after six months, by POLAR2



Source: Destinations of Leavers from Higher Education 2010/11

With a map of outcomes and activities by participation in higher education now established, we can examine whether participation rates are affecting the behaviour of employers. Figure 8.5 shows this aspect of the social backgrounds of graduates recruited by small and medium-sized enterprises and larger organisations. Graduates from high participation neighbourhoods are more likely to be working for smaller organisations after six months, whilst graduates from lower participation backgrounds are more likely to be with large organisations. This relates to the messages from Figures 8.12 and 4.6 – graduates from higher participation backgrounds are more likely to find jobs through personal networks, and these are the most important method of finding roles at small and medium-sized enterprises.

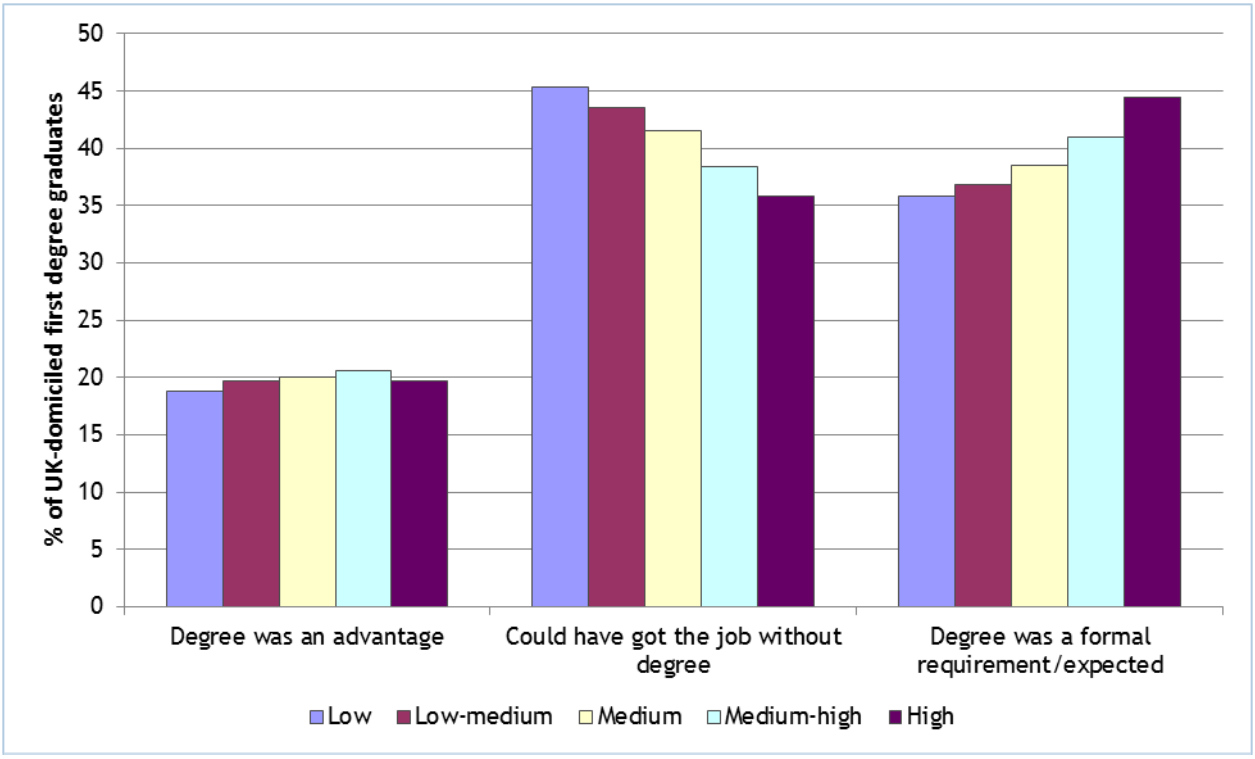
Figure 8.5: Size of employer after six months, for employed UK-domiciled first degree graduates from 2010/11, by POLAR2



Source: Destinations of Leavers from Higher Education 2010/11

Graduates from lower participation backgrounds were less likely to be in roles where a degree was a formal requirement, and more likely to be jobs that they felt did not need a degree than those from higher participation neighbourhoods (Figure 8.6). It appears from the data that the higher the higher education participation quintile, the more likely the graduate was to be in a job that they felt required their degree six months after graduation.

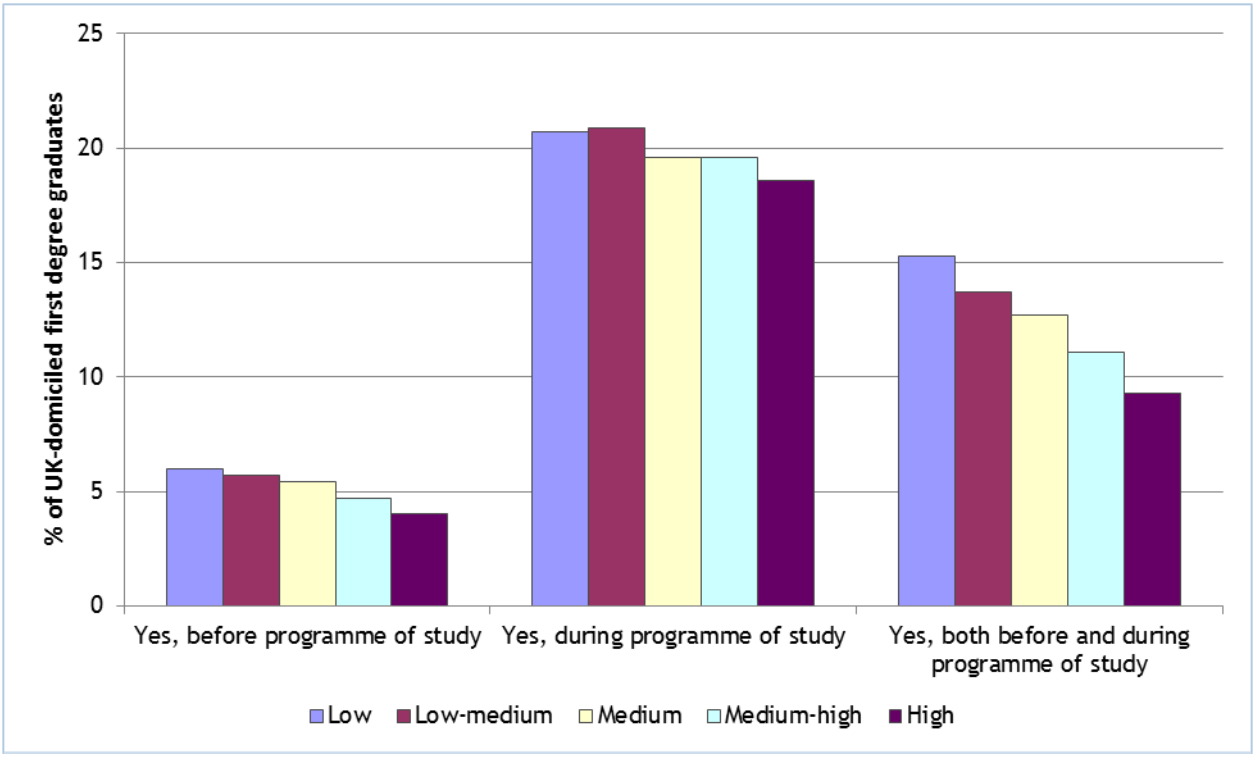
Figure 8.6: Whether the job that employed UK-domiciled first degree graduates from 2010/11 were doing after six months could have been obtained without a degree, by POLAR2



Source: Destinations of Leavers from Higher Education 2010/11

Graduates from lower participation backgrounds were more likely to return to a previous employer after graduation than those from a background of higher participation in higher education, with 42% of graduates in the lowest quintile returning to an employer compared with 32% of those in the highest quintile, and this applied whether graduates had worked for their employer before taking a degree or whether they had worked for them during their programme of study (Figure 8.7). This covers a range of circumstances, from employers who sponsored graduates through higher education and offered work placements or sandwich courses, to students who worked in service industries during term time and carried on in those roles post-graduation.

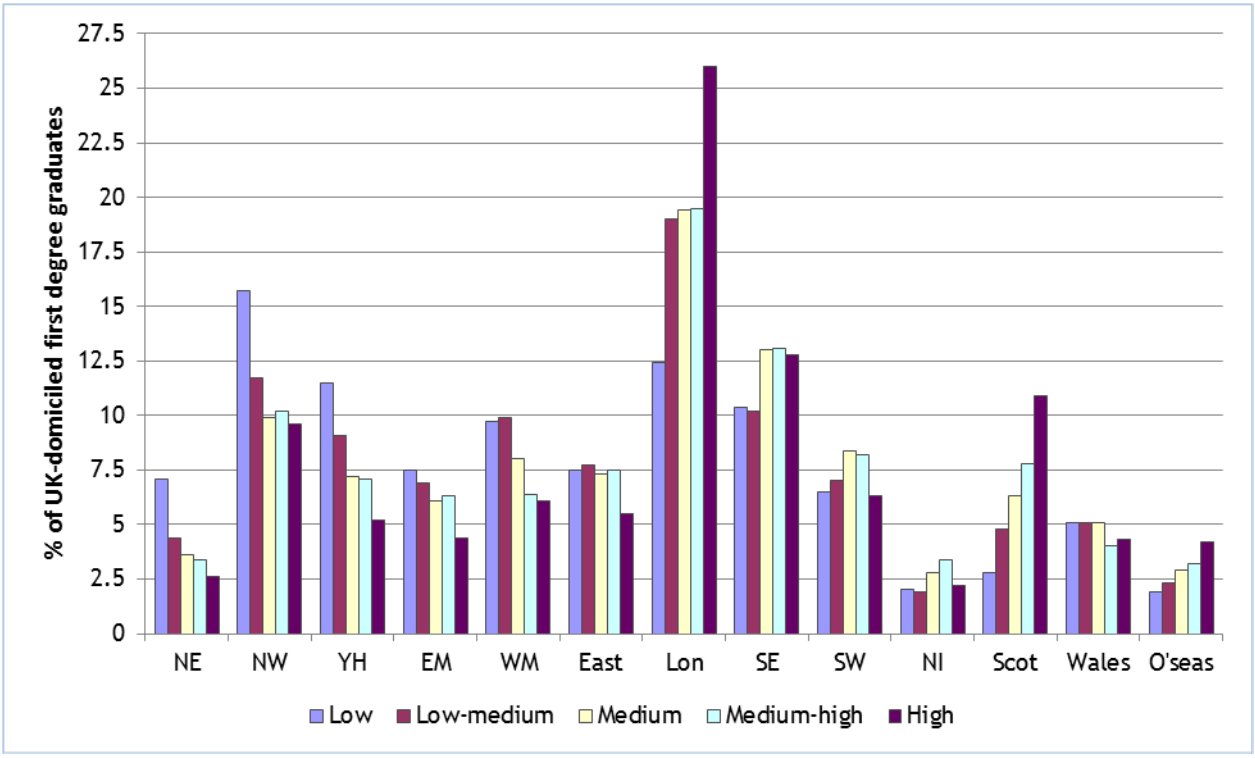
Figure 8.7: Prior employment history with current employer for employed UK-domiciled first degree graduates from 2010/11 after six months, by POLAR2



Source: Destinations of Leavers from Higher Education 2010/11

Graduates from higher participation backgrounds were very much more likely to be working in London – the strongest graduate jobs market, with the best paid roles in general – in the UK, and less likely to be working in weaker employment markets in the North of England (Figure 8.8). The difference in the proportion of graduates from the highest and lowest participation groups working in London is striking and it does appear that for one reason or another, employers in the capital are rather more likely to recruit graduates from high higher education participation backgrounds than from backgrounds where participation is less common. Over a quarter of all graduates from high participation quintiles were employed in London, but the North West was the most common region of employment for graduates from the lowest participation backgrounds. It cannot be inferred from this data whether this is as a result of employer preference, factors of supply of graduates from different backgrounds, the ability of graduates from neighbourhoods of high participation in higher education to compete for jobs in London more effectively, or other reasons, but we can assume that depending on the circumstances some or all of these factors may apply.

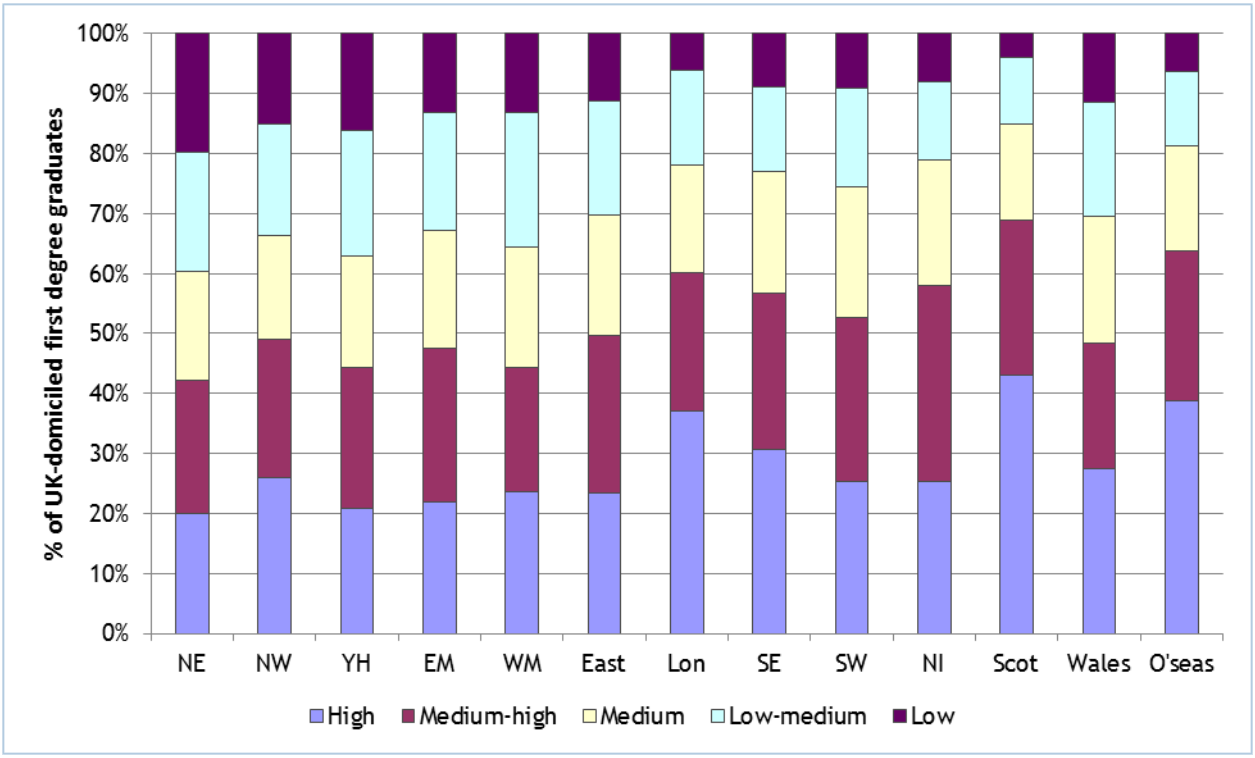
Figure 8.8: Location of employment of employed UK-domiciled graduates from 2010/11 after six months by POLAR2



Source: Destinations of Leavers from Higher Education 2010/11

Another way of looking at the same data expresses the distribution of participation quintiles of the graduates who went to work in each region (Figure 8.9). London and Scotland have particularly high proportions of graduates from high participation quartiles, and particularly low proportions of those from backgrounds of lower higher education participation. Other parts of the country, especially in the north of England, showed a more even distribution of graduates from different backgrounds.

Figure 8.9: Location of employment of employed UK-domiciled graduates from 2010/11 after six months by POLAR2



Source: Destinations of Leavers from Higher Education 2010/11

Graduates from high participation backgrounds made up a larger proportion of the intake of new graduates to roles in science and engineering than they did to health, education and computing and IT. Only marketing and advertising, business and finance and arts and design roles had a smaller proportion of new graduates from the lowest participation backgrounds than did engineering (Table 8.2).

Graduates entering graduate-level employment were more likely to be from higher participation quintiles, but different occupational groups showed different characteristics. Entry into social and welfare roles showed the most even spread of backgrounds, and were the only set of occupations where the most common background for graduates was not to be from a neighbourhood with the highest participation in higher education. Business and finance roles saw the lowest level of entry from graduates from low participation neighbourhoods and a correspondingly high level of entry from the highest participation quintiles.

Table 8.2: Proportion of employed UK-domiciled first degree graduates from 2010/11 by type of graduate employment after six months by POLAR2 (row %)

	Low	Low-medium	Medium	Medium-high	High
Management	9.9	17.0	18.8	25.0	29.3
Science R&D	9.0	15.4	17.4	27.2	31.0
Engineering	8.6	14.4	18.6	25.9	32.5
IT	11.1	17.8	19.1	23.5	28.5
Health	10.0	16.5	18.7	24.8	30.1
Education	10.9	18.0	20.0	24.4	26.7
Law	11.3	19.0	18.9	20.9	29.9
Social & welfare	15.0	21.5	21.2	21.3	20.9
Business and finance	7.0	14.2	16.8	24.5	37.5
Marketing & sales	7.5	13.6	16.6	25.7	36.5
Arts, design, culture	8.3	16.0	19.0	25.3	31.5
Other professionals	8.8	16.0	18.2	25.7	31.4

Source: Destinations of Leavers from Higher Education 2010/11

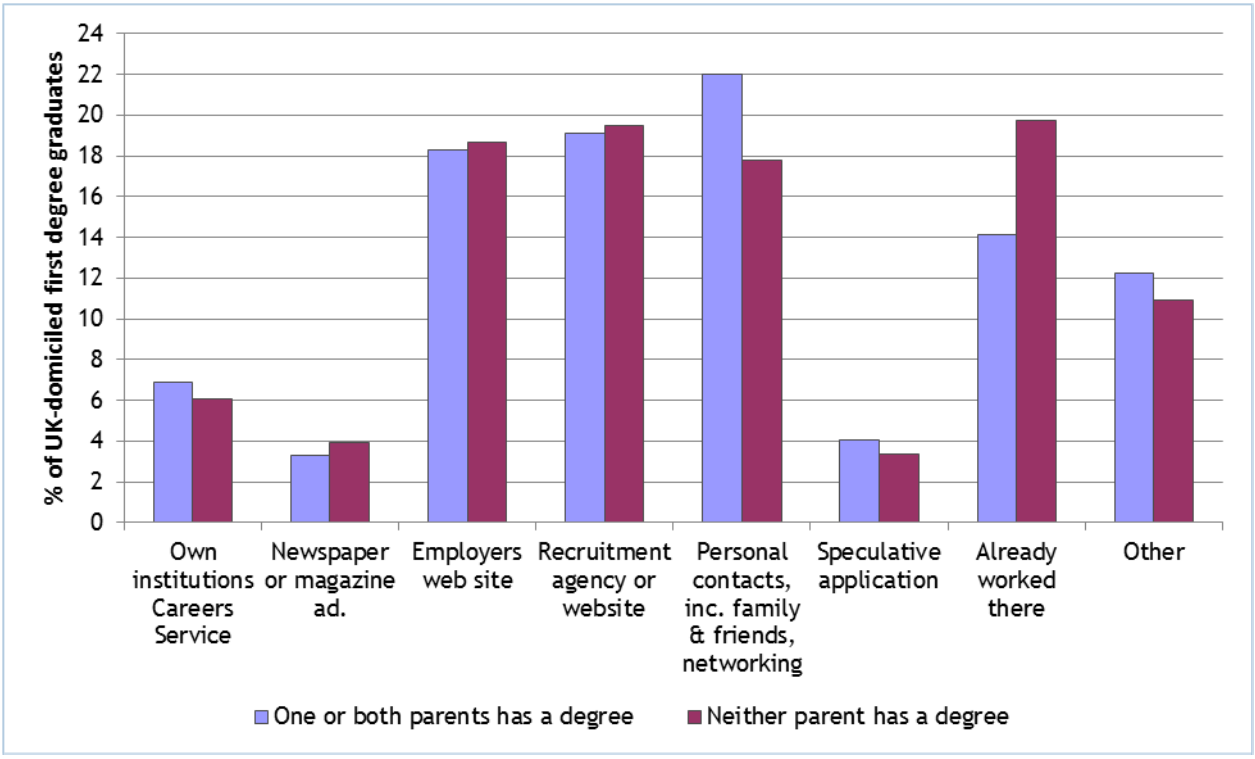
The figures on graduate employment by this aspect of social background suggest that although 29% of graduates from 2010/11 hailed from the highest participation quintile, probably for a range of reasons, they were over-represented in roles in many industries, particularly business and finance, marketing and PR, STEM and the arts, and in jobs in London and Scotland. These occupations, and roles in London and the comparatively strong graduate jobs market in Scotland, are amongst the best-paid and most sought-after jobs for graduates, and if, as the figures suggest, graduates from these backgrounds appear to have some form of advantage in accessing them, then this has implications for social mobility. This project may be able to explore to what extent this over-representation of graduates from higher participation backgrounds is a result of employer preference (and if it is, why this is), and what is attributable to other factors.

8.2.4 Influence of background on how graduates found their jobs

Parental higher education on how found graduate level job

Having a parent who has already attended university has been linked to the theory of 'social capital', where graduates' family experience of the social networks and environments surrounding higher education allow them to more easily access experiences and opportunities than graduates whose family background does not include higher education. There is some evidence in Figure 8.10 to support this theory. Graduates whose parents had attended university were more likely to successfully use existing careers support to find a job, and were much more likely to use personal contacts and networks, whilst those who were first generation attendees at university were the most likely to use external methods to find work; through agencies, web sites and media advertising. Graduates whose parents who did not go to university were also more likely to get jobs through prior work experience and, for this group, social work and retail management were important occupations.

Figure 8.10: How employed UK-domiciled graduates from 2010/11 first found the graduate level job they were doing after six months, by whether either of their parents had been in higher education

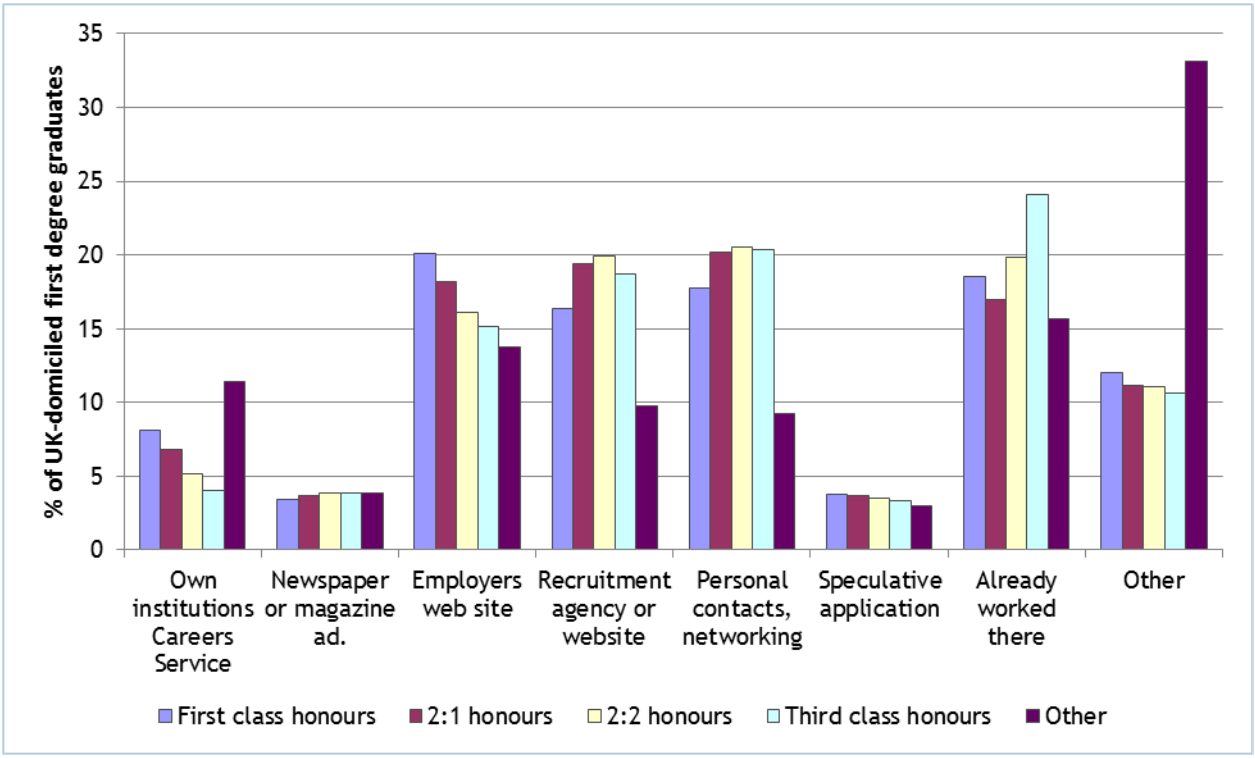


Source: Destinations of Leavers from Higher Education 2010/11

Degree class on how found graduate level job

There are differences in job-seeking modes between graduates who obtained different grades. With the exception of graduates who took qualifications that does not always award a standard grade (largely from health-related courses, such as nursing, medicine, pharmacy and veterinary sciences), graduates with Firsts were more likely to find a graduate job through their careers service or a web site and less likely to use a recruitment agency and, interestingly, networking (Figure 8.11). A quarter of graduates with Thirds went back to previous employers – nurses, social workers and retail managers were strongly represented here, but graduates with 2:1s, 2:2s and Thirds were all about equally likely to use personal contacts to find their first job.

Figure 8.11: How employed UK-domiciled graduates from 2010/11 first found the graduate level job they were doing after six months, by degree class



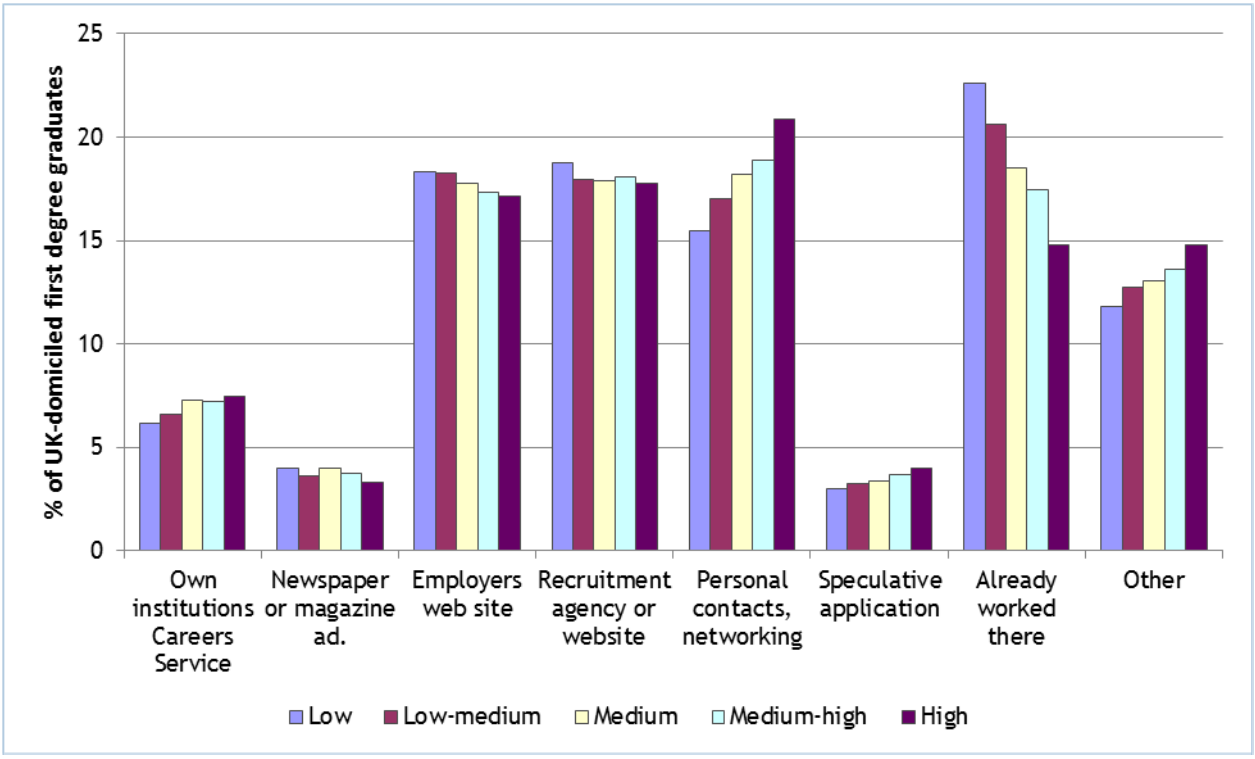
Source: Destinations of Leavers from Higher Education 2010/11

POLAR and tariff group on how found grad level job

Figure 8.10 showed job-seeking methods by parental background, and demonstrated that graduates who had no parents with prior higher education experience were rather less likely to find their first job through personal networks than those who had parents with degrees. Figure 8.12 examines similar data using the POLAR2 system of classification of domicile by level of higher education participation.

Graduates who hail from areas of high participation in higher education were more likely to first find their job through their university careers service and through personal networks, than those from areas with less higher education participation. Those from areas with lower participation were more likely to go back to a previous employer – often a public sector organisation – or use employer web sites. A suggestion develops that employers who favour certain advertising channels may find that they attract a subtly different demographic of applicants depending on their methods.

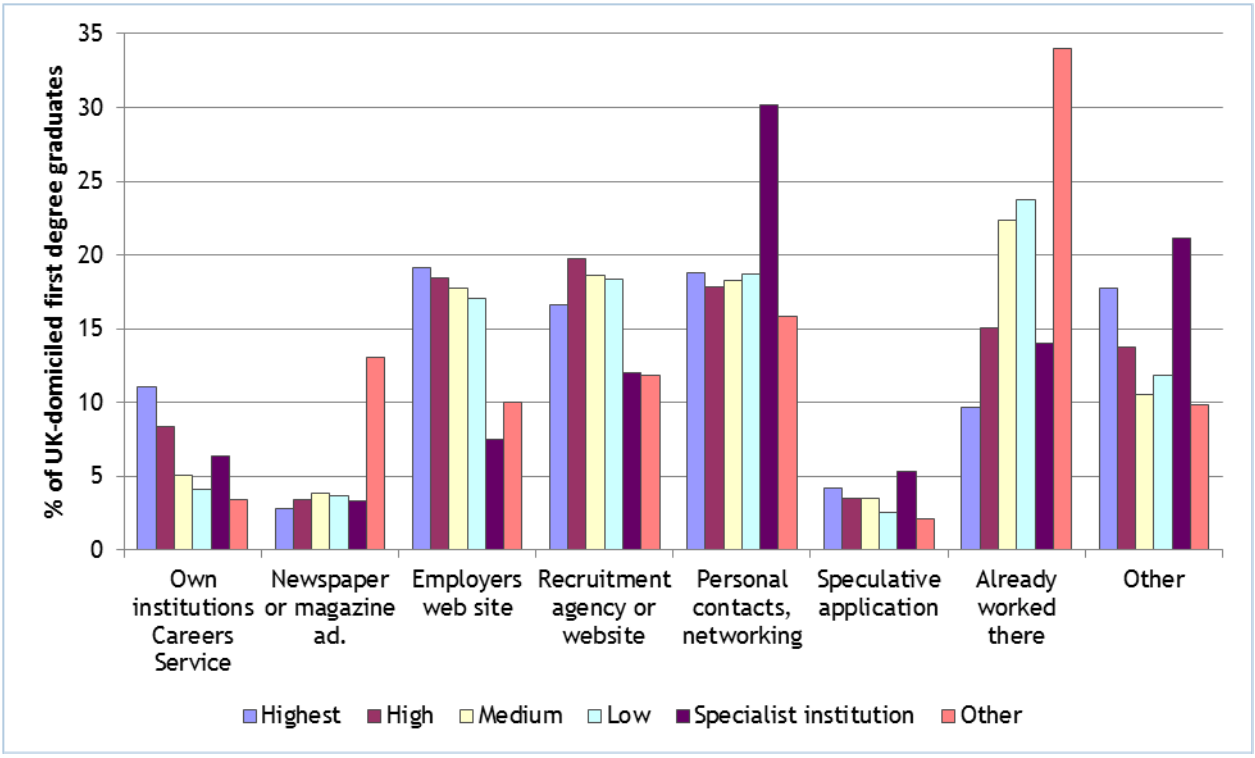
Figure 8.12: How employed UK-domiciled graduates from 2010/11 first found the graduate level job they were doing after six months, by POLAR2 (or graduate social background)



Source: Destinations of Leavers from Higher Education 2010/11

Figure 8.13 examines the data by institution, grouped by their level of entry tariff, and a rather less clear picture emerges. Specialist institutions are focused on specific sectors with their own established recruitment preferences, and graduates from these show unusual recruitment patterns, with a strong focus on networking. Graduates from institutions with the most stringent entry requirements are much more likely to get a job through their careers services than those at less selective institutions. This may reflect differentially resourced careers services or could also represent a preference amongst those employers to target their resources at graduates from the most selective institutions via career services. Personal contacts (specialist institutions aside) are probably about equally important across all types of institution, suggesting that this is more likely to be an advantage that well-networked students bring with them to university rather than a consequence of institutional type.

Figure 8.13: How employed UK-domiciled graduates from 2010/11 first found the graduate level job they were doing after six months, by tariff group of institution



Source: Destinations of Leavers from Higher Education 2010/11

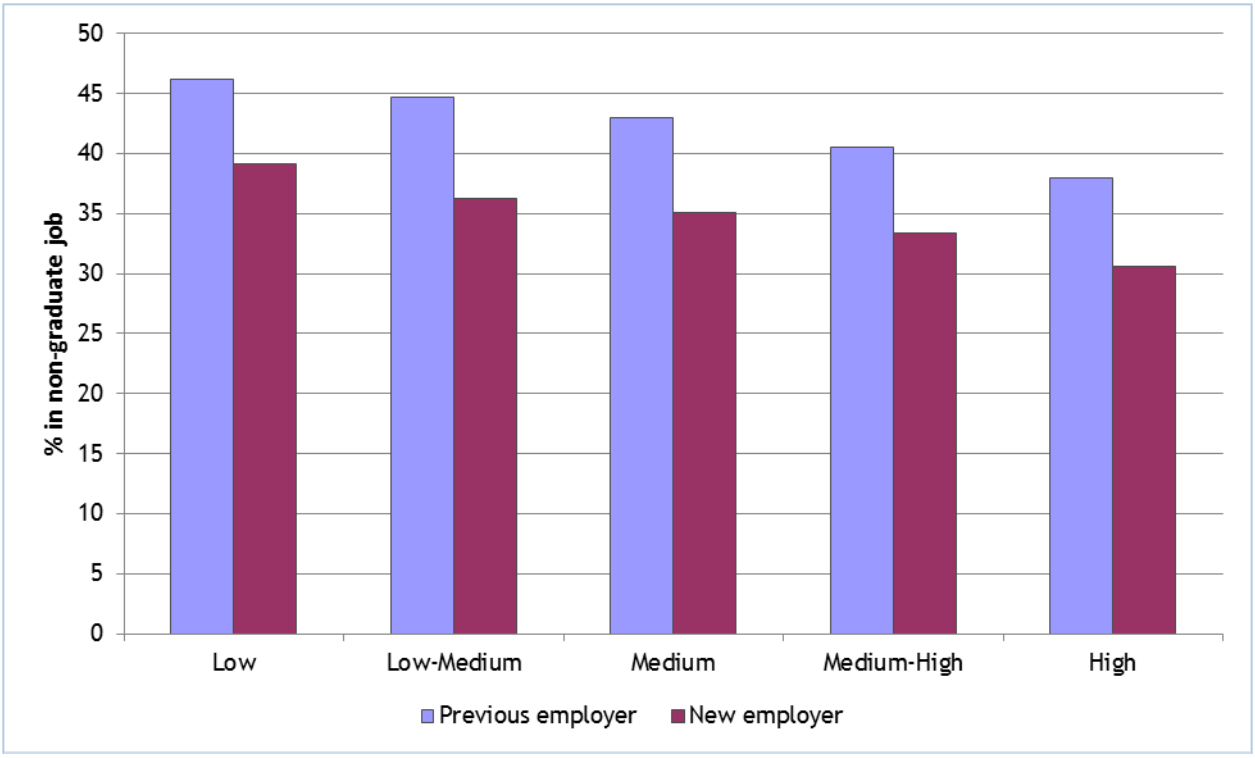
Going back to a previous or current employer could be seen as positive, securing employment for less advantaged graduates and using their work experience and contacts within the company to give them a foothold in an employer they know. However returning could also be seen as negative, especially if they return to the same kinds of non-graduate work roles they will have had previously, and essentially trapping them in non-graduate jobs. The data suggest that both scenarios are occurring. However, the analysis presented in Figure 8.14 indicates that:

- Graduates returning to a previous employer are more likely than those gaining employment with a new employer to be in a non-graduate job regardless of socio-economic background.

- Those from high participation areas returning to their employers are less likely to be in a non-graduate job than those from low participation areas.

Thus graduates from the highest participation areas who return to a previous employer are slightly less likely to be in a non-graduate job than are graduates from the lowest participation areas who have gained employment with a new employer.

Figure 8.14: Proportion of graduates in a non-graduate job by POLAR2 and whether returning to a previous employer or not



Source: Destinations of Leavers from Higher Education 2010/11

8.2.5 Longer term impacts of social background on employment – evidence from Futuretrack

HECSU's Futuretrack project, conducted by the Institute of Employment Research (IER) at the University of Warwick, was a study following the early careers of UCAS applicants to higher education in 2006. It included four stages, the first on application, the second approximately eighteen months later, a third stage as most were approaching their final examinations and the fourth, Stage 4, between eighteen and thirty months post-graduation. This last stage was conducted in 2012, and most respondents were in the labour market or undertaking post-graduation further education or training.

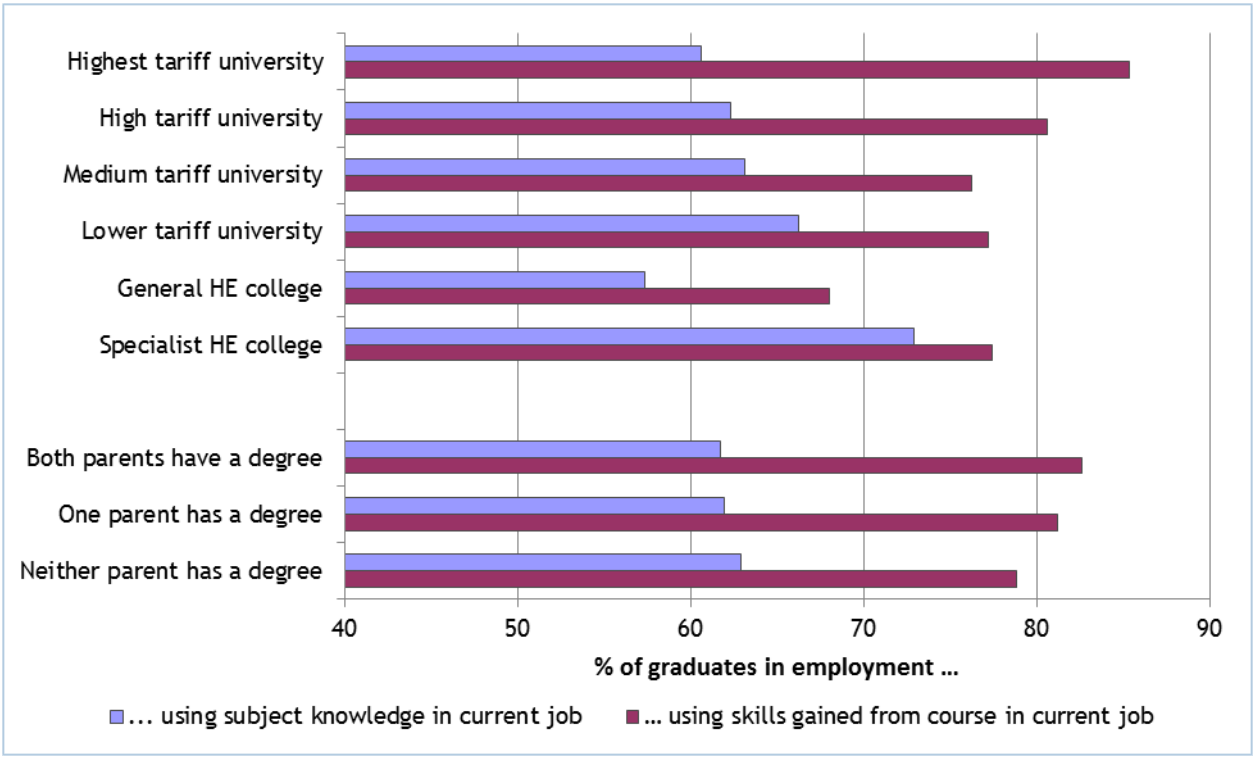
Respondents to Futuretrack Stage 4 were asked a number of questions about the jobs that they had undertaken, and this section examines the responses to three questions about their *current* job, which may or may not be their first job after graduating.

Futuretrack respondents were asked if they felt that they were using the subject knowledge that they had gained from their degree, and the skills gained in their undergraduate course, in their current employment. Graduates from specialist higher education institutions were, not surprisingly, most likely to state that they were using subject knowledge in their current job, but what is perhaps even more interesting is that the next most likely were graduates from lower tariff institutions (Figure 8.14). This may reflect a vocational focus of degrees from lower tariff institutions, but also may be partly attributable to the choices of high profile graduate training schemes targeting graduates from all disciplines from higher tariff institutions. Parental background does not appear to

have had much of an effect on the likelihood of a Futuretrack respondent using their subject knowledge in their employment.

The theory that graduates from higher tariff institutions are more likely to be entering more general graduate roles where the specific subject of study is less important than general degree skills is strengthened by the findings regarding skills gained from their course, where graduates from the highest tariff group were much more likely to state that they were using general degree skills in their current job. There is slightly more of an effect of parental background – graduates with parents educated to degree level were more likely to state that they were using degree level skills in their current employment and this may be linked to the differences between higher and lower tariff institutions for this measure.

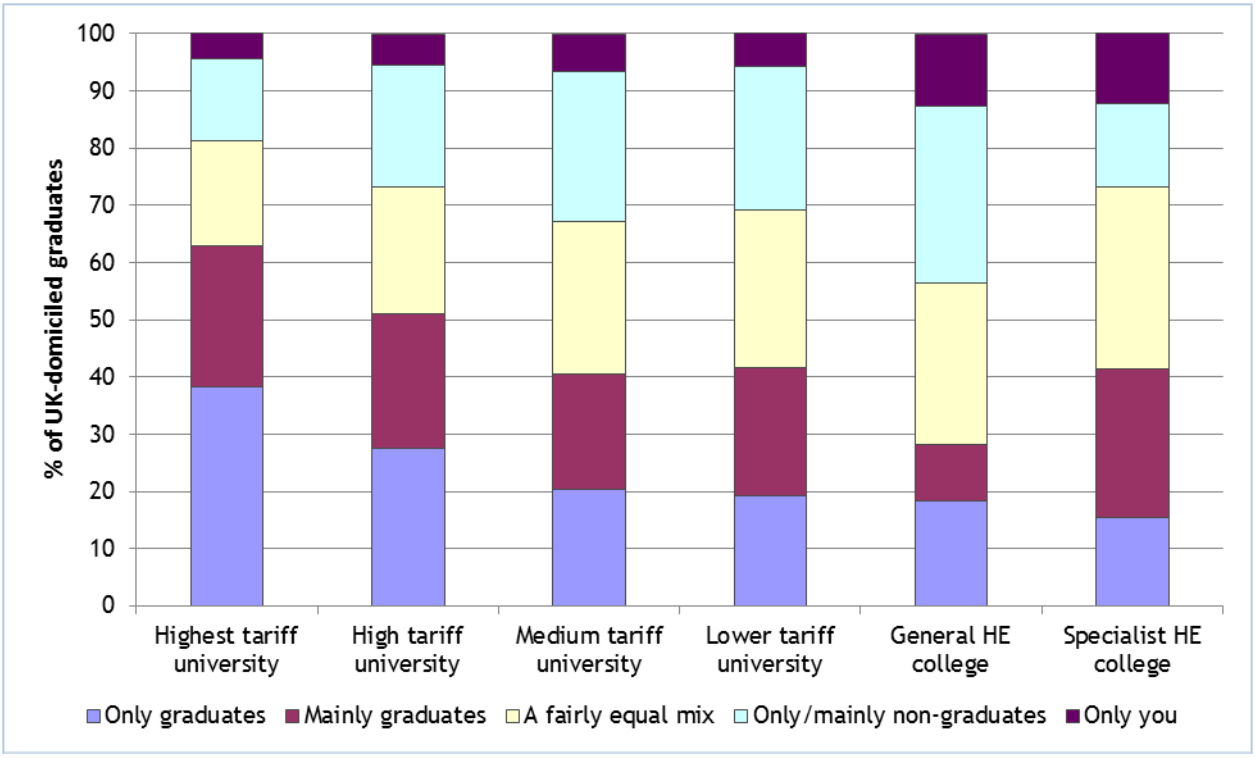
Figure 8.15: Whether Futuretrack stage 4 respondents were using subject knowledge or course skills in their current job, by institution type and parental higher education



Source: Futuretrack Stage 4, 2012

Futuretrack respondents were asked if the current job they had was done by graduates in the main at their current employer. Graduates from the highest tariff institutions were much the likely to be in a role that was done exclusively by graduates at their employer, and the least likely to be in one that was mainly done by people who had not been to university (Figure 8.15).

Figure 8.16: Whether the job being done by Futuretrack Stage 4 respondents at their current employer was done by graduates, by type of institution

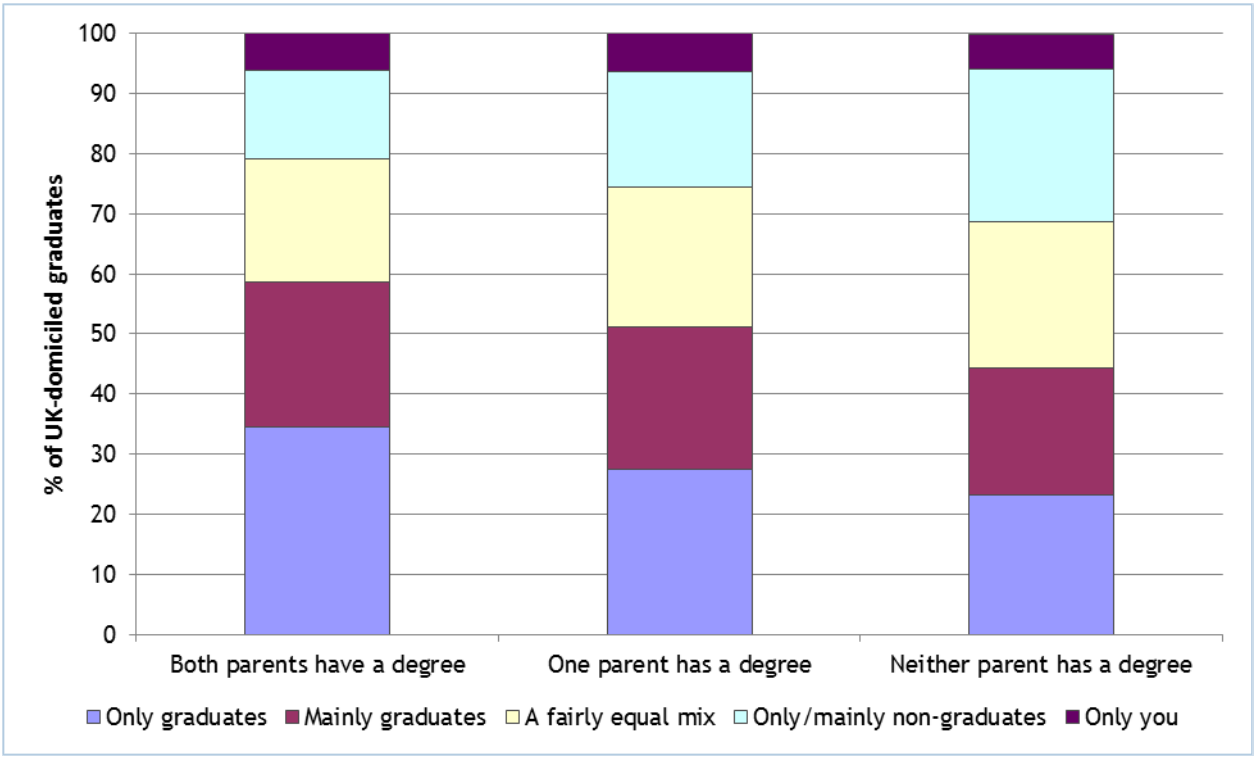


Source: Futuretrack Stage 4, 2012

In a similar vein, graduates who had two degree-educated parents were more likely than those with one or no degree-educated parents to be in a job done exclusively or mainly by graduates, and much less likely to be in one done mainly by non-graduates (Figure 8.16).

The Futuretrack results do suggest some differences in the way that graduates from different groups and institutions interact with the jobs market, with graduates with degree-educated parents and from more selective institutions more likely to be in generalist roles requiring degree-level skills but not specifying a subject, and more likely to be working alongside graduates in similar roles. This is unlikely to be purely a result of graduate choice; there is almost certainly an element of employer action involved and the way that graduates from different institutions and backgrounds are viewed by employers and are consequently recruited.

Figure 8.17: Whether the job being done by Futuretrack Stage 4 respondents at their current employer was done by graduates, by parental experience of higher education



Source: Futuretrack Stage 4, 2012

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Appendix 1: Additional data tables

Tables for Figures in Chapter 2

A1. 1: Table for Figure 2.3 – Social background of UK-domiciled first degree graduates (%)

	2006/07	2007/08	2008/09	2009/10	2010/11
Low participation quintile	9.2	9.6	10.0	10.4	10.7
Low-medium participation quintile	16.6	16.9	17.0	17.2	17.5
Medium participation quintile	18.8	18.9	18.9	18.9	18.8
Medium-high participation quintile	24.6	24.4	24.1	24.0	23.8
High participation quintile	30.8	30.2	30.0	29.4	29.2
N=	266,500	282,800	279,200	290,500	302,400

Source: Destinations of Leavers from Higher Education, 2006/07 to 2010/11

A1. 2: Table for Figure 2.4 – Institutional tariff group of UK-domiciled first degree graduates (%)

	2006/07	2007/08	2008/09	2009/10	2010/11
Highest	23.9	22.7	22.5	22.1	22.0
High	22.8	22.7	23.0	22.9	22.7
Medium	31.4	32.1	32.1	32.2	32.7
Low	15.1	16.1	16.1	16.4	16.4
Specialist institution	3.5	3.2	3.1	3.2	3.2
Other	3.3	3.2	3.2	3.2	3.0
N=	277,900	291,500	287,600	298,900	311,400

Source: Destinations of Leavers from Higher Education, 2006/07 to 2010/11

A1. 3: Table for Figure 2.5 – Degree classes awarded to UK-domiciled first degree graduates (%)

	2006/07	2007/08	2008/09	2009/10	2010/11
First	11.5	12.4	13.0	13.5	14.6
Upper second	44.8	45.6	45.7	46.1	46.5
Lower Second	28.4	27.8	27.2	26.9	25.9
Third	4.6	4.4	4.5	4.4	4.2
Other	10.7	9.9	9.4	9.1	8.7
N=	277,900	291,200	287,300	299,000	311,400

Source: Destinations of Leavers from Higher Education, 2006/07 to 2010/11

A1. 4: Table for Figure 2.6 – Proportion of establishments recruiting graduates in the … (%)

	Last 12 months (England)	Last 2-3 years (UK)
2007	10.5	-
2009	9.4	-
2011	8.6	12.2
2013	-	13.4

Note: Figures for 2007 and 2009 are for recruitment of graduates aged under 24; figures for 2011 and 2013 are for recruitment of graduates of any age

Source: National Employer Skills Surveys 2007 and 2009, Employer Skills Surveys 2011 and 2013

A1. 5: Table for Figure 2.7 – Recruitment of graduates in last 2-3 years by size, 2013 and 2011 (row percentages)

	2013			2011		
	Recruited graduate	Not recruited graduate	Weighted N=	Recruited graduate	Not recruited graduate	Weighted N=
2-4	5.1	94.9	907,700	5.3	94.7	908,800
5-9	12.4	87.6	389,200	12.1	87.9	389,000
10-24	22.5	77.5	262,700	19.1	80.9	259,500
25-49	35.4	64.6	96,800	29.5	70.5	98,000
50-99	45.8	54.2	49,800	38.9	61.1	49,400
100-249	59.2	40.8	26,100	50.5	49.5	26,000
250+	69.1	30.9	11,500	59.2	40.8	11,600
Total	13.4	86.6	1,743,800	12.2	87.8	1,742,300

Source: Employer Skills Surveys 2013 and 2011

A1. 6: Table for Figure 2.8 – Recruitment of graduates by sector, 2013 and 2011 (row percentages)

	2013			2011		
	Recruited graduate	Not recruited graduate	N=	Recruited graduate	Not recruited graduate	N=
Agriculture, hunting, forestry and fishing	3.1	96.9	94,400	3.2	96.8	93,800
Mining and quarrying	11.3	88.7	1,700	10.2	89.8	1,800
Manufacturing	9.1	90.9	100,000	8.4	91.6	105,200
Electricity, gas and water supply	11.2	88.8	9,300	9.5	90.5	8,500
Construction	3.7	96.3	162,800	4.3	95.7	172,800
Wholesale and retail trade	11.8	88.2	372,400	10.5	89.5	371,800
Hotels and restaurants	17.4	82.6	155,300	13.8	86.2	156,200
Transport, storage and communications	12.7	87.3	121,500	12.4	87.6	119,300
Financial services	17.8	82.2	40,000	17.5	82.5	42,500
Real estate, renting and business activities	16.7	83.3	348,700	15.2	84.8	340,400
Public admin. and defence, compulsory social security	20.4	79.6	21,400	18.1	81.9	22,800
Education	37.6	62.4	57,500	37.2	62.8	56,700
Health and social work	16.8	83.2	130,000	15.3	84.7	123,300
Community, social and personal service activities	12.0	88.0	128,700	10.7	89.3	127,400
Total	13.4	86.6	1,743,800	12.2	87.8	1,742,300

Source: Employer Skills Surveys 2013 and 2011

A1. 7: Table for Figure 2.9 – Recruitment of graduates in last 2-3 years by region, 2013 and 2011

	2013			2011		
	Recruited graduate	Not recruited graduate	N=	Recruited graduate	Not recruited graduate	N=
EM	9.8	90.2	119,800	10.5	89.5	122,200
East	10.7	89.3	166,900	9.7	90.3	167,900
London	21.0	79.0	248,700	20.5	79.5	233,400
NE	12.5	87.5	55,500	11.5	88.5	56,900
NW	12.4	87.6	176,900	11.5	88.5	179,200
SE	14.1	85.9	255,100	12.3	87.7	255,200
SW	11.0	89.0	166,200	9.5	90.5	167,300
WM	12.4	87.6	143,600	10.2	89.8	145,900
YH	12.4	87.6	133,100	10.3	89.7	134,400
Wales	13.3	86.7	81,300	12.1	87.9	82,400
Scotland	12.3	87.7	140,900	10.6	89.4	139,200
NI	12.5	87.5	55,600	13.3	86.7	58,400
Total	13.4	86.6	1,743,800	12.2	87.8	1,742,300

Source: Employer Skills Surveys 2013 and 2011

A1. 8: Table for Figure 2.10 – Basic outcomes of UK-domiciled first degree graduates (%)

	2006/07	2007/08	2008/09	2009/10	2010/11
Full-time paid work only (inc. self-emp.)	56.1	52.7	47.6	50.3	49.2
Part-time paid work only	8.0	9.3	11.8	12.3	12.7
Voluntary/unpaid work only	1.0	1.4	2.0	2.0	2.4
Work & further study	9.3	8.4	8.2	7.9	8.7
Further study only	14.3	14.5	16.0	14.0	13.6
Assumed to be unemployed	5.6	8.1	9.3	8.8	8.9
Not available for employment	4.4	4.3	4.0	3.5	3.5
Other	1.2	1.3	1.2	1.3	1.1
N=	203,500	214,000	217,900	226,000	235,800

Source: Destinations of Leavers from Higher Education, 2006/07 to 2010/11

A1. 9: Table for Figure 2.11 – Types of work for employed UK-domiciled first degree graduates – graduate job categories (%)

	2006/07	2007/08	2008/09	2009/10	2010/11
Traditional graduate occupations	11.7	12.3	12.0	11.4	11.1
Modern graduate occupations	14.2	14.1	13.6	13.4	13.1
New graduate occupations	17.1	16.4	15.7	15.9	16.1
Niche graduate occupations	23.6	22.5	21.3	22.9	22.9
Non-graduate occupations	33.2	34.5	37.2	36.1	36.5
N=	151,500	153,600	151,600	163,700	172,000

Source: Destinations of Leavers from Higher Education, 2006/07 to 2010/11

A1. 10: Table for Figure 2.12 – Employer size for UK-domiciled first degree graduates in employment (%)

	2006/07	2007/08	2008/09	2009/10	2010/11
1 to 49	25.8	25.0	27.6	27.5	27.8
50 to 249	15.2	14.5	14.6	14.6	15.1
250 or more	59.0	60.5	57.7	57.9	57.0
N=	104,400	109,200	110,100	120,600	131,800

Source: Destinations of Leavers from Higher Education, 2006/07 to 2010/11

A1. 11: Table for Figure 2.13 – Location of employment for UK-domiciled first degree graduates in employment (%)

	2006/07	2007/08	2008/09	2009/10	2010/11
NE	3.7	3.4	3.7	3.8	3.7
NW	10.8	10.6	10.8	10.4	10.5
YH	7.6	7.3	7.3	7.3	7.2
EM	5.7	5.3	5.9	5.7	5.8
WM	7.1	7.2	7.1	7.2	7.3
East	5.9	6.3	6.7	6.9	6.8
Lon	19.8	19.2	18.9	19.9	20.1
SE	11.7	12.1	12.0	11.9	11.9
SW	6.9	7.5	7.3	7.2	7.1
Wal	4.4	4.4	4.6	4.5	4.5
Scot	8.5	8.1	8.0	7.5	7.5
NI	3.2	3.2	3.2	3.1	2.9
Other UK/ UK unknown	2.2	2.5	1.9	1.8	1.6
Overseas	2.6	2.8	2.6	2.8	3.2
N=	151,000	153,300	150,800	163,300	171,200

Source: Destinations of Leavers from Higher Education, 2006/07 to 2010/11

Chapter 3 Tables

A1. 12: Table for Figure 3.1 – Work preparedness of graduates, 2013 and 2011

	2013		2011	
	Number	**%**	**Number**	**%**
Very well prepared	55,300	23.6	52,000	24.5
Well prepared	140,300	59.9	124,600	58.6
Poorly prepared	24,600	10.5	23,500	11.1
Very poorly prepared	4,300	1.8	3,900	1.8
Don't know	4,500	1.9	5,100	2.4
Varies too much	5,200	2.2	3,600	1.7
Total	234,200	100	212,700	100.0

Source: Employer Skills Survey 2011 and 2013

Chapter 4 Tables

A1. 13: Table for Figure 4.1 – How UK-domiciled first degree graduates found the job they were doing six months after graduation (%)

	2007/08	**2008/09**	**2009/10**	**2010/11**
Own institution Careers Service	5.2	4.9	5.1	5.2
Newspaper/magazine advert	8.0	6.1	5.2	4.1
Employer website	15.4	15.6	15.8	16.2
Recruitment agency/website	18.8	15.5	17.2	17.4
Personal contacts, family & friends, networking	18.5	19.2	19.6	20.5
Speculative application	4.4	4.5	4.5	4.4
Already worked there	18.2	22.1	20.8	20.8
Other	11.4	12.0	11.9	11.3
N=	121,800	123,000	134,700	143,200

Source: Destinations of Leavers from Higher Education, 2006/07 to 2010/11

A1. 14: Table for Figure 4.2 – Whether UK-domiciled first degree graduates had previously worked for the employer they were with six months after graduation (%)

	2006/07	2007/08	2008/09	2009/10	2010/11
Yes, before programme of study	4.5	4.7	5.1	4.9	5.0
Yes, during programme of study	18.6	20.7	21.8	20.5	19.7
Yes, both before & during programme of study	9.3	10.1	11.6	11.3	11.8
No	67.6	64.6	61.5	63.3	63.5
N=	119,500	124,900	126,100	138,400	147,500

Source: Destinations of Leavers from Higher Education, 2006/07 to 2010/11

A1. 15: Table for Figure 4.3 – How UK-domiciled first degree graduates from 2010/11 first found the job they were doing after six months, by graduate/non-graduate job (%)

	Graduate job	Non-graduate job
Own institutions Careers Service	7.1	2.0
Newspaper/magazine advertisement	3.7	4.9
Employers web site	17.6	14.0
Recruitment agency/website	17.9	16.4
Personal contacts, including family and friends, networking	18.7	23.7
Speculative application	3.6	5.9
Already worked there	17.9	25.7
Other	13.5	7.5
N=	90,700	52,400

Source: Destinations of Leavers from Higher Education, 2010/11

A1. 16: Table for Figure 4.4 – How UK-domiciled first degree graduates from 2010/11 first found the graduate level job they were doing after six months, by gender (%)

	Male	Female
Own institutions Careers Service	7.5	6.8
Newspaper or magazine ad.	3.1	4.2
Employers web site	14.8	19.6
Recruitment agency or website	18.2	17.8
Personal contacts, inc. family & friends, networking	22	16.3
Speculative application	3.9	3.3
Already worked there	16.8	18.7
Other	13.8	13.3
N=	38,400	52,300

Source: Destinations of Leavers from Higher Education, 2010/11

A1. 17: Table for Figure 4.5 – How UK-domiciled first degree graduates from 2010/11 first found the graduate level job they were doing after six months, by broad ethnicity (%)

	White	BME
Own institutions Careers Service	6.8	8.5
Newspaper or magazine ad.	3.9	2.3
Employers web site	17.6	17.8
Recruitment agency or website	17.8	19.1
Personal contacts, inc. family & friends, networking	18.9	17.4
Speculative application	3.6	3.6
Already worked there	18.2	16.1
Other	13.2	15.2
N=	75,700	13,600

Source: Destinations of Leavers from Higher Education, 2010/11

A1. 18: Table for Figure 4.6 – How UK-domiciled first degree graduates from 2010/11 first found the graduate level job they were doing after six months, by employer size (%)

	1 to 49 employees	50 to 249 employees	250 or more employees
Own institutions Careers Service	4.9	6.1	8.4
Newspaper or magazine ad.	4.3	6.0	2.7
Employers web site	8.5	13.9	22.8
Recruitment agency or website	16.2	23.2	17.1
Personal contacts, inc. family & friends, networking	26.9	21.5	13.9
Speculative application	4.8	4.0	2.8
Already worked there	15.7	16.2	20.4
Other	18.7	9.2	11.8
N=	21,600	12,200	45,000

Source: Destinations of Leavers from Higher Education, 2010/11

Chapter 5 Tables

A1. 19: Table for Figure 5.1 – Mean scores of importance of reasons for targeting HEIs among AGR members, 2012/13

	2012	2013
Reputation of faculty/university	5.06	5.10
Relationship with university	4.47	4.79
No. of graduate hires in previous years	4.60	4.77
Attitude to employability	4.12	4.22
Course content	3.97	4.14
Calibre of graduates according to recruiters guide	3.42	3.39
Proximity to company premises	3.24	3.37
Always gone there	3.09	3.26
N=	186	172

Note: responses given on a scale where 1 = not at all, and 6 = very much

Source: Association of Graduate Recruiters Winter Surveys 2012 and 2013

Chapter 6 Tables

A1. 20: Table for Figure 6.1 – Proportion of vacancies that specified A-levels/UCAS points, and mean UCAS points, GRB 2007-13

	Specific UCAS points (%)	Solid/good/strong A-levels (%)	Mean UCAS points
2007	14	4	287
2008	16	2	303
2009	22	4	302
2010	16	8	304
2011	20	5	309
2012	31	7	299
2013	22	10	296

Note: Total N= 1,520 for row percentages; total N= 310 for mean UCAS points

Source Graduate Recruitment Bureau

Chapter 7 Tables

A1. 21: Table for Figure 7.1 – Type of internships/placements offered by AGR members, 2011-14

	2011	2012	2013	2014
Internships	63.0	73.9	77.3	79.6
Sandwich or industrial placements	52.0	52.8	53.4	53.9
Work placements	28.3	32.8	30.7	28.1
Other type of placements	5.2	1.1	6.8	2.4
N=	173	180	176	189

Note: multiple responses possible therefore percentages sum to more than 100

Source: Association of Graduate Recruiters Summer Reviews, 2011-14

Chapter 8 Tables

A1. 22: Table for Figure 8.1 – Whether AGR employers monitor the socio-economic background of graduates recruited to their organisation, 2012-14

	2012	2013	2014
Monitoring it this year & have done in past	4.8	11.2	14.9
Monitoring it for the 1st time this year	7.7	4.4	9.4
Don't currently monitor but plan to next season	21.3	21	18.2
Don't currently monitor & have no plans to next season	54.6	54.6	50.8
Don't know	11.6	8.8	6.6
N=	207	205	181

Source: Association of Graduate Recruiters Summer Reviews, 2012-14

A1. 23: Table for Figure 8.2 – Type of socio-economic data collected by AGR employers who monitor the diversity of graduate recruits, 2012-14

	2012	2013	2014
First generation graduate	76.9	93.8	95.3
State or private schooling	100.0	84.4	74.4
Whether they claimed FSM at school	19.2	31.3	62.8
Parental occupation	15.4	9.4	7.0
N=	26	32	43

Note: multiple responses possible therefore percentages sum to more than 100

Source: Association of Graduate Recruiters Summer Reviews, 2012-14

A1. 24: Table for Figure 8.3 – Whether AGR employers have any initiatives to increase the socio-economic diversity of graduates, 2012-14

	2012	2013	2014
Yes, we currently have initiatives	24.4	28.8	34.1
We don't currently have initiatives but plan to next season	21.0	17.1	16.5
We don't currently have any initiatives nor have plans to next season	41.0	42.4	42.9
Don't know	13.7	11.7	6.6
N=	205	205	189

Source: Association of Graduate Recruiters Summer Reviews, 2012-14

A1. 25: Table for Figure 8.4 – Employment circumstances of UK-domiciled first degree graduates from 2010/11 after six months, by POLAR2

	Low	Low-medium	Medium	Medium-high	High
Employed FT (inc work & study)	49.1	49.4	50.9	51.9	51.3
Employed PT (inc work & study)	19.1	17.9	16.7	15.6	13.9
Self-emp/freelance (inc work & study)	2.7	3.3	3.3	3.5	3.6
Taking time out to travel	1.5	1.8	2.2	2.5	2.9
Unemployed	11.3	10.7	9.5	9.0	8.4
Further study/other	12.4	12.9	13.5	13.9	15.9
Voluntary work (inc work & study)	2.4	2.8	2.8	2.6	2.9
Unable to work (temp or perm)	1.7	1.2	1.1	1.0	1.0
N=	23,500	38,900	43,000	55,500	68,400

Source: Destinations of Leavers from Higher Education, 2010/11

A1. 26: Table for Figure 8.5 – Size of employer for UK-domiciled first degree graduates from 2010/11 in employment six months after graduating, by POLAR2

	Low	Low-medium	Medium	Medium-high	High
1-49 employees	24.6	26.4	27.4	28.7	29.2
50-249 employees	15.2	15.4	15.3	15.0	14.8
250 or more employees	60.2	58.2	57.3	56.3	55.9
N=	13,200	21,800	24,300	31,400	37,600

Source: Destinations of Leavers from Higher Education, 2010/11

A1. 27: Table for Figure 8.6 – Whether the job that UK-domiciled first degree graduates from 2010/11 were doing after six months could have been obtained without a degree, by POLAR2

	Low	Low-medium	Medium	Medium-high	High
Degree was an advantage	18.8	19.7	20	20.6	19.7
Could have got the job without degree	45.3	43.5	41.5	38.4	35.8
Degree was a formal requirement/ expected	35.8	36.8	38.5	41	44.5
N=	14,900	24,600	27,300	35,400	42,300

Source: Destinations of Leavers from Higher Education, 2010/11

A1. 28: Table for Figure 8.7 – Prior employment history with current employer for UK-domiciled first degree graduates from 2010/11, by POLAR2 (%)

	Low	Low-medium	Medium	Medium-high	High
Yes, before programme of study	6.0	5.7	5.4	4.7	4.0
Yes, during programme of study	20.7	20.9	19.6	19.6	18.6
Yes, both before and during programme of study	15.3	13.7	12.7	11.1	9.3
No	58.0	59.7	62.3	64.6	68.1
N=	14,900	24,500	27,100	35,100	41,800

Source: Destinations of Leavers from Higher Education, 2010/11

A1. 29: Table for Figure 8.8 – Location of employment of UK-domiciled first degree graduates from 2010/11, by POLAR2 (%)

	Low	Low-medium	Medium	Medium-high	High
NE	7.1	4.4	3.6	3.4	2.6
NW	15.7	11.7	9.9	10.2	9.6
YH	11.5	9.1	7.2	7.1	5.2
EM	7.5	6.9	6.1	6.3	4.4
WM	9.7	9.9	8.0	6.4	6.1
East	7.5	7.7	7.3	7.5	5.5
Lon	12.4	19.0	19.4	19.5	26.0
SE	10.4	10.2	13.0	13.1	12.8
SW	6.5	7.0	8.4	8.2	6.3
NI	5.1	5.1	5.1	4.0	4.3
Scot	2.8	4.8	6.3	7.8	10.9
Wales	2.0	1.9	2.8	3.4	2.2
Overseas	1.2	1.5	1.5	1.6	1.4
N=	17,000	28,000	31,100	40,000	48,100

Source: Destinations of Leavers from Higher Education, 2010/11

A1. 30: Table for Figure 8.9 – Location of employment of UK-domiciled first degree graduates from 2010/11, by POLAR2 (row percentages)

	Low	Low-medium	Medium	Medium-high	High	N=
NE	19.7	19.9	18.1	22.2	20.0	6,100
NW	15.1	18.5	17.5	23.1	25.9	17,700
YH	16.1	21.0	18.6	23.5	20.9	12,100
EM	13.1	19.7	19.6	25.8	21.8	9,700
WM	13.2	22.3	20.1	20.8	23.5	12,400
East	11.2	19.1	20.0	26.4	23.3	11,300
Lon	6.2	15.8	17.9	23.1	37.0	33,700
SE	8.8	14.2	20.2	26.1	30.7	20,000
SW	9.2	16.4	21.8	27.3	25.3	12,000
NI	11.5	19.0	21.1	21.1	27.4	7,600
Scot	3.9	11.1	16.1	25.8	43.2	12,100
Wales	8.0	13.0	21.0	32.6	25.4	4,200
O'seas	8.5	17.2	19.1	26.1	29.1	2,400

Source: Destinations of Leavers from Higher Education, 2010/11

A1. 31: Table for Figure 8.10 – How UK-domiciled graduates from 2010/11 first found the graduate level job they were doing six months after graduating, by parental education (%)

	One or both parents has a degree	Neither parent has a degree
Own institutions Careers Service	6.9	6.1
Newspaper or magazine ad.	3.3	4.0
Employers web site	18.3	18.7
Recruitment agency or website	19.1	19.5
Personal contacts, inc. family & friends, networking	22.0	17.8
Speculative application	4.0	3.4
Already worked there	14.2	19.7
Other	12.2	10.9
N=	29,100	27,300

Source: Destinations of Leavers from Higher Education, 2010/11

A1. 32: Table for Figure 8.11 – How UK-domiciled graduates from 2010/11 first found the graduate level job they were doing six months after graduating, by degree class (%)

	First class honours	2:1 honours	2:2 honours	Third class honours	Other
Own institutions Careers Service	8.1	6.8	5.2	4.0	11.4
Newspaper or magazine ad.	3.4	3.7	3.8	3.8	3.9
Employers web site	20.1	18.2	16.1	15.1	13.8
Recruitment agency or website	16.4	19.4	19.9	18.7	9.8
Personal contacts, networking	17.8	20.2	20.5	20.3	9.3
Speculative application	3.7	3.7	3.5	3.3	3.0
Already worked there	18.6	17.0	19.9	24.1	15.7
Other	12.0	11.1	11.1	10.6	33.2
N=	17,100	43,500	18,400	2,300	9,300

Source: Destinations of Leavers from Higher Education, 2010/11

A1. 33: Table for Figure 8.12 – How UK-domiciled graduates from 2010/11 first found the graduate level job they were doing after six months, by social background (POLAR2, %)

	Low	Low-medium	Medium	Medium-high	High
Own institutions Careers Service	6.2	6.6	7.3	7.2	7.4
Newspaper or magazine ad.	4.0	3.6	4.0	3.8	3.3
Employers web site	18.3	18.2	17.7	17.3	17.1
Recruitment agency or website	18.7	18.0	17.9	18.1	17.8
Personal contacts, networking	15.4	17.0	18.2	18.9	20.9
Speculative application	3.0	3.2	3.3	3.7	4.0
Already worked there	22.6	20.6	18.5	17.5	14.8
Other	11.8	12.7	13.1	13.6	14.8
N=	8,400	14,400	16,300	21,800	27,100

Source: Destinations of Leavers from Higher Education, 2010/11

A1. 34: Table for Figure 8.13: How UK-domiciled graduates from 2010/11 first found the graduate level job they were doing after six months, by tariff group of institution (%)

	Highest	High	Medium	Low	Specialist institution	Other
Own institutions Careers Service	11.0	8.3	5.1	4.1	6.4	3.4
Newspaper or magazine ad.	2.8	3.4	3.8	3.7	3.3	13.1
Employers web site	19.1	18.4	17.8	17.0	7.5	10.0
Recruitment agency or website	16.6	19.7	18.7	18.4	12.0	11.8
Personal contacts, networking	18.8	17.8	18.3	18.7	30.2	15.8
Speculative application	4.2	3.5	3.5	2.5	5.3	2.1
Already worked there	9.7	15.0	22.3	23.8	14.0	34.0
Other	17.8	13.8	10.5	11.8	21.2	9.8
N=	22,000	20,200	29,600	13,200	3,000	2,600

Source: Destinations of Leavers from Higher Education, 2010/11

A1. 35: Table for Figure 8.14 – Proportion of graduates in a non-graduate job by social background (POLAR2) and whether returning to a previous employer or not (row percentages)

	Previous employer			New employer		
	Graduate job	Non-graduate job	N=	Graduate job	Non-graduate job	N=
Low	53.8	46.2	6,300	60.9	39.1	8,600
Low-Medium	55.3	44.7	9,900	63.7	36.3	14,600
Medium	57.0	43.0	10,200	64.9	35.1	16,900
Medium-High	59.5	40.5	12,400	66.6	33.4	22,700
High	62.0	38.0	13,400	69.4	30.6	28,500

Source: Destinations of Leavers from Higher Education, 2010/11

A1. 36: Table for Figure 8.15 – Whether Futuretrack stage 4 respondents were using subject knowledge or course skills in their current job, by institution type and parental HE (%)

	% of graduates using subject knowledge in current job	% of graduates using skills gained from course in current job
Highest tariff university	60.6	85.3
High tariff university	62.3	80.6
Medium tariff university	63.1	76.2
Lower tariff university	66.2	77.2
General HE college	57.3	68.0
Specialist HE college	72.9	77.4
Both parents have a degree	61.7	82.6
One parent has a degree	61.9	81.2
Neither parent has a degree	62.9	78.8

Source: Futuretrack Stage 4, 2012

A1. 37: Table for Figure 8.16 – Whether the job being done by Futuretrack Stage 4 respondents at their current employer was done by graduates, by type of institution (%)

	Highest tariff university	High tariff university	Medium tariff university	Lower tariff university	General HE college	Specialist HE college
Only graduates	38.2	27.5	20.4	19.2	18.4	15.4
Mainly graduates	24.7	23.6	20.2	22.4	9.7	26.1
A fairly equal mix	18.3	22.2	26.6	27.6	28.2	31.7
Only/mainly non-graduates	14.4	21.2	26.1	25.0	31.0	14.6
Only you	4.5	5.4	6.6	5.8	12.6	12.3

Source: Futuretrack Stage 4, 2012

A1. 38: Table for Figure 8.16 – Whether the job being done by Futuretrack Stage 4 respondents at their current employer was done by graduates, by parental HE (%)

	Both parents have a degree	One parent has a degree	Neither parent has a degree
Only graduates	34.5	27.4	23.2
Mainly graduates	24.2	23.7	21.1
A fairly equal mix	20.5	23.4	24.4
Only/mainly non-graduates	14.8	19.2	25.5
Only you	6.1	6.3	5.7

Source: Futuretrack Stage 4, 2012

Appendix 2: Standard Occupational Classification (SOC)

SOC Major Group	Title
Major Group 1	Managers, Directors And Senior Officials
Major Group 2	Professional Occupations
Major Group 3	Associate Professional And Technical Occupations
Major Group 4	Administrative And Secretarial Occupations
Major Group 5	Skilled Trades Occupations
Major Group 6	Caring, Leisure And Other Service Occupations
Major Group 7	Sales And Customer Service Occupations
Major Group 8	Process, Plant And Machine Operatives
Major Group 9	Elementary Occupations

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