

The Graduate Recruitment Market: An Insight 2019



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+ Graduates together

Produced by Step
Recruitment Ltd

Attract the top graduate talent to your business

Specialists in matching enterprising students and graduates to real business needs through...
Student placements, Graduate internships & Graduate jobs.



Introduction and Contents

This research into the attitudes and behaviours of businesses and graduates in the current climate includes insights into the work readiness of graduates, attitudes towards smaller businesses, their salary expectations and their relationships with the university careers services.

There are several annual surveys of graduate recruiters that look at their recruitment needs, starting salaries and their experience of taking on graduates. The organisations taking part in these surveys are invariably large organisations with regular and often sizeable graduate intakes. The views, experiences and needs of smaller companies are rarely covered. We know that larger companies, who are nearly all members of the Institute of Student Employers (ISE), have the budgets to be active on university campuses, promoting their brand and their vacancies to the student body. In truth, though, these larger companies are responsible for only around 15–18 per cent of the permanent jobs that new graduates enter each year. This means that the majority of graduates find work with smaller organisations. In this report, we have sought to gain opinion from both graduates and businesses and will compare the findings between these two groups.

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About Step

Step exists to facilitate access to a diverse range of skills and opportunities in an inclusive manner through quality, project based, outcome focused internships and placements, and graduate jobs across a range of industries, all year round. We are the friendly recruiter of choice for students and graduates of all backgrounds and support businesses to achieve succession planning. We focus on individual skills and aspirations to provide a quality recruitment service. With heritage dating back to the 1980's, we are committed to adding value to the graduate recruitment market by sharing our experiences with businesses, university employability teams and graduates embarking on their career journeys.

Tamsin Millns, Owner & Director
Tamsin became the Director of Step following a management buyout in 2017, having been an integral part of the management team since 2013. She is a law graduate who has a varied career in recruitment as well as having experience in a University employability team. Having updated her skills with CIPD study in 2016, she is passionate about ensuring that interns gain valuable skills whilst being paid what they are worth.



About the data

The data was collected using an online survey which was shared on Step's social media channels (Twitter, Facebook and LinkedIn) and sent out to the Step database. During July, August and September 2019, approximately 14772 applicants registered on the Step database, were sent the survey, in addition to around 3000 employers.

Notes on charts used

To avoid fractions, percentages in charts have been rounded up or down and therefore do not always add up exactly to 100. Where respondents were asked to choose more than one answer, the total percentages always exceed 100.

Demographics of respondents

For the individual student / graduate respondents, we asked them about gender, age, geographic location, course and place of study and year of graduation. This information meant we could compare responses across groups of individuals to enable us to identify trends. Employer respondents were asked about the size of their business, the industry they operate in, whether they personally were graduates and their role within the business. This information helped to ensure we had a cross section of industries and regions represented as well as enabling us to identify any trends.

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Key findings

Following analysis of the raw data, we have identified some clear key findings from our research. These are summarised below and discussed in more detail in the report.



- **18%** of new graduates feel underprepared for the workplace
- Russell Group graduates more likely to feel underprepared
- STEM and humanities students twice as likely to feel underprepared



- **28%** of employers feel graduates are entering the workplace under-prepared
- **76%** of graduates feel they would be matching experienced colleagues within 2 months



- **72%** of employers feel it will take new graduate hires at least 3 months to be up to speed



- Personal Traits such as resilience, passion and initiative are the skills **most valued** by both graduates and employers



- Business Skills and Commercial Awareness are the **most lacking** skills for both graduates and employers



- Average salary expectations for new graduates are £21 - £25,000
- The average salary bracket indicated by employers was £18 - £21,000
- Graduates and Employers agree that graduate salaries are **over inflated** in the media



- Females expect to earn less than males



- Size of business is **not a significant factor** for graduates seeking employment



- LinkedIn is the **most used** platform for both graduate job seekers and employers



- Most employers don't think they should have to pay to attend graduate careers fair

Work Readiness and Skills

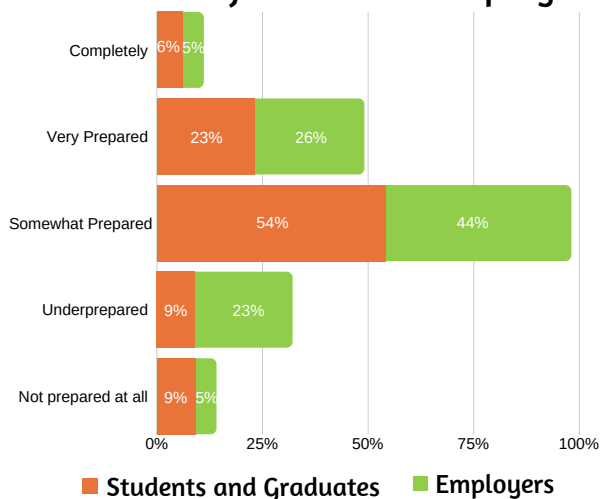
Does university prepare students for the workplace? Do employers get quick enough returns from investing in new graduate talent? In this chapter we try to answer these questions by considering the work readiness of new graduates.

Work Preparedness

One accusation often levelled at both new graduates and universities is that they are not coming out of education ready for the workplace. We wanted to explore this further and asked students and graduates "How prepared for the workplace were you on entering your first graduate role". Only **17%** of respondents suggested they did not feel at least somewhat prepared for the workplace, meaning the remaining four fifths felt ready to enter employment. The confidence went further with almost a quarter feeling very prepared and a very confident **6%** feeling completely prepared for the workplace.

Unfortunately, the graduates' confidence was not reflected by the employers who suggested the opposite: Over a quarter of them suggested that their graduates were underprepared for the workplace.

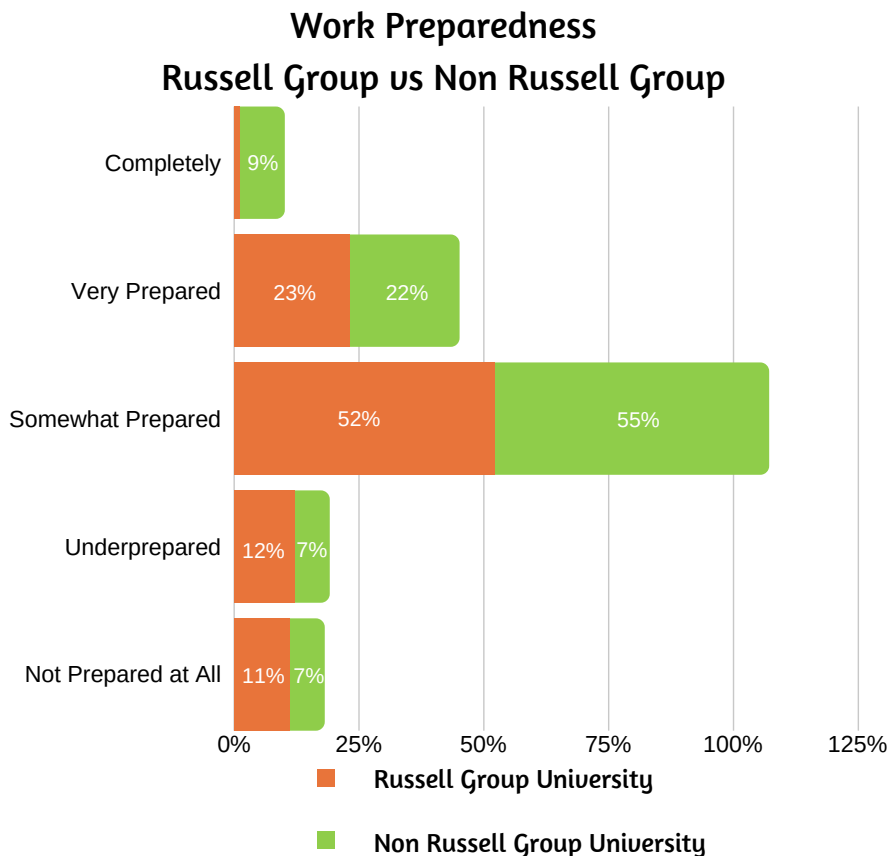
Students and Graduates vs Employers



"We last recruited a graduate in March '18. Whilst each of the graduates we have taken on have had some work experience, the normal office disciplines take a while to adapt to as the structure is much more rigid than university life."
- Employer



We wanted to know whether attending the famed Russell Group universities made a difference to the confidence levels of graduates. It was surprising to see that the Russell Group graduates had a much higher likelihood to feel under-prepared for the workplace, almost a **quarter** felt this way.

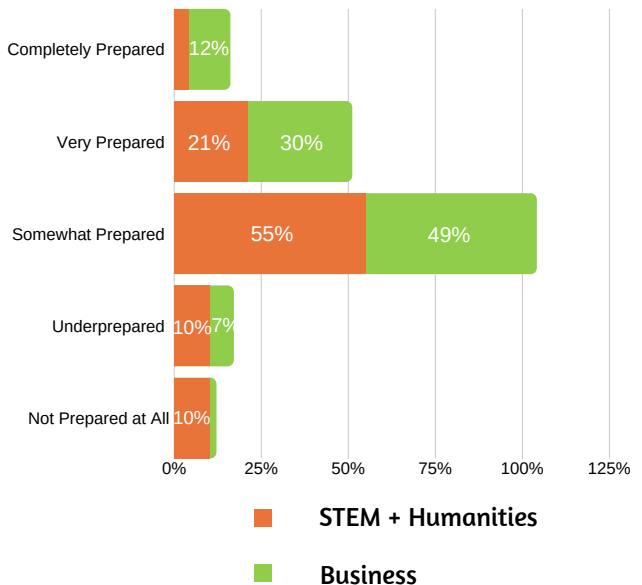


This could be because The Russell Group focuses on research, meaning their focus may not be preparing their students for the workplace. Recent news articles have suggested that attending a Russell Group university creates a kind of social capital meaning that employers will look on their graduates more favourably. But arguably these graduates may not be as ready for the workplace as they are able to conduct meaningful research.

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Work Preparedness by Course Classification

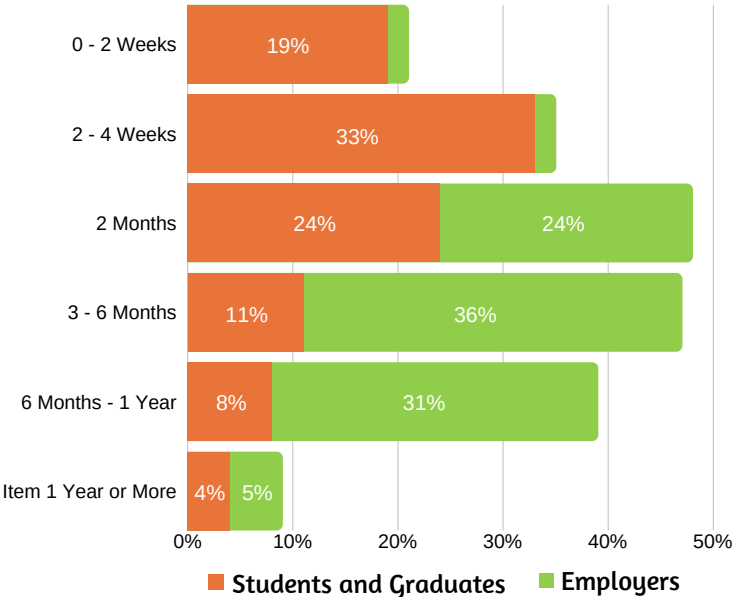
We wanted to see if the type of course studied had an influence on preparedness. Here we found the biggest differences. It was those studying **business** courses who were likely to feel ready for the workplace with only **9%** feeling underprepared. But those studying less workplace focused courses such as **STEM** subjects or a **humanities** subject such as History, Politics or English were twice as likely to feel under-prepared with **20%** not feeling prepared and only **4%** feeling completely prepared.



Increasingly, placements have become integrated into study, whether in the form of credit bearing short modules, year-long placements or even industry case studies, most courses will have some element of work experience built in. But for humanities subjects the placement is less likely to be a full year and more likely to be short term and / or unpaid. It's much harder to find a History related work placement, for example, which is relevant to the course. **Should the universities be doing more to encourage placements where the transferable skills gained in a degree (such as research, organisation skills and natural curiosity) can be developed and implemented in the workplace?**

Case Study: *"At Step we regularly host students from arts & humanities courses. We have offered short term placements to students on English courses for two years. These take place in the spring over a couple of weeks and we always try to provide a meaningful project for them. We also pay them although the university does not require this. We have also hosted a sandwich placement student who was studying History. She was incredibly proactive and contacted us to ask for a placement. Her feedback was that very few of her course mates had been proactive enough to secure a placement during their 3rd year, preferring instead to complete their studies"*

Integration in to the Workforce



Once settled in their roles, we wanted to know how long graduates take to start to feel in step with their more established and experienced colleagues. We asked them: “Reflecting on your role, how much time did you feel you needed to get up to speed with the rest of the workforce?”. And this is where we found the most striking disconnect between graduates and their employers.

The vast majority of graduates, **76%**, felt they would be matching their colleagues’ contributions within 2 months of starting out. Almost the same proportion of employers, **72%** felt that it would take 3 months or more before the graduates were adding the same value as their established workforce.

This is an important finding because it has a real effect on the perception of graduates in the marketplace and influences how willing employers are to recruit new graduates into their work force.

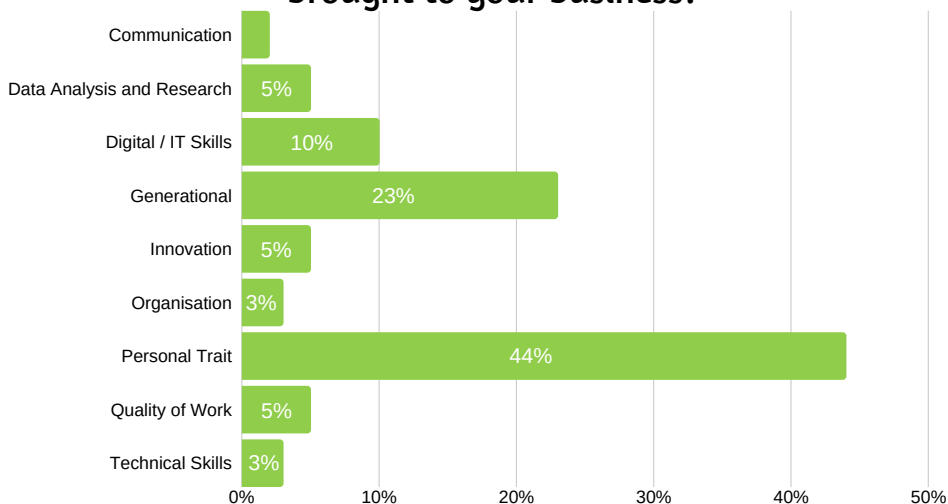
"I felt like I needed training before
I could begin working independently"
- Graduate



Skills and Employability

Employability is embedded into most university courses, either as credit-bearing modules or integrated into the course content.

Employers - What is the most valuable skill your graduates brought to your business?



There is much debate as to what exactly are the core employability skills. Youth Employment UK have recently defined five key skills: communication, teamwork, problem solving, self-management and self-belief. Many universities also include presentation skills, leadership, negotiation and organisation skills.

Notes on how Skills data was collected

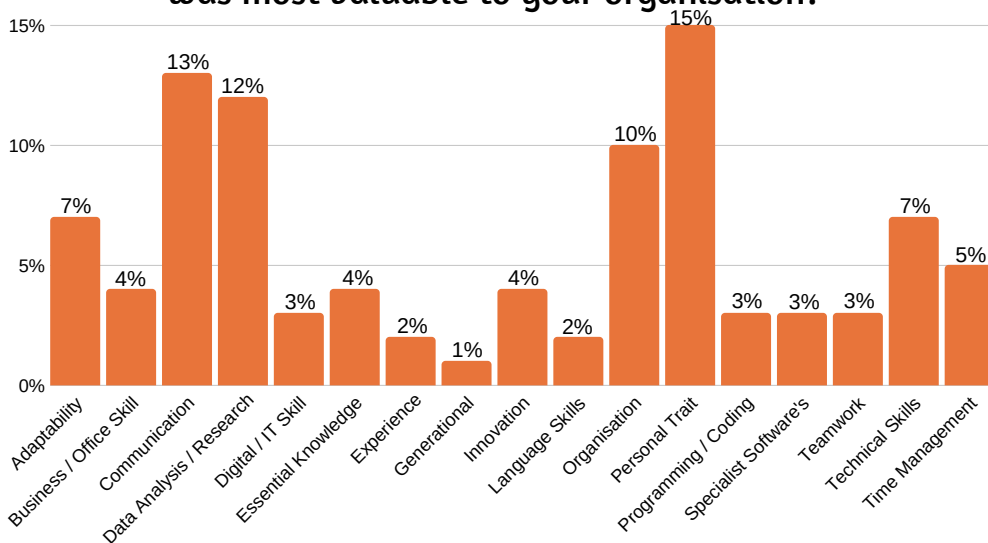
The questions were asked in an open format allowing respondents a free text response. Some skills were unambiguous such as communication, adaptability and organisation skills. In other areas we started to notice themes such as:

- **Business / office skills** - skills related to the workplace (multitasking, quick learner, workflow, professional)
- **Essential skills** (numerical skills, writing, listening)
- **Personal traits** (intelligence, passion, enthusiasm, confidence, work ethic)
- **Technical skills** skills acquired through the university degree (e.g. engineering, brand marketing, knowledge of the law, investment knowledge, clinical skills)

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We asked respondents “Which of your skills was most valuable to your organisation” as well as asking “which skill did you wish you had before you started your first graduate role”. Finally, we asked employers what skill was most valuable to them and which one valuable skill was missing from new graduate recruits.

Students and Graduates - Which of your skills do you feel was most valuable to your organisation?



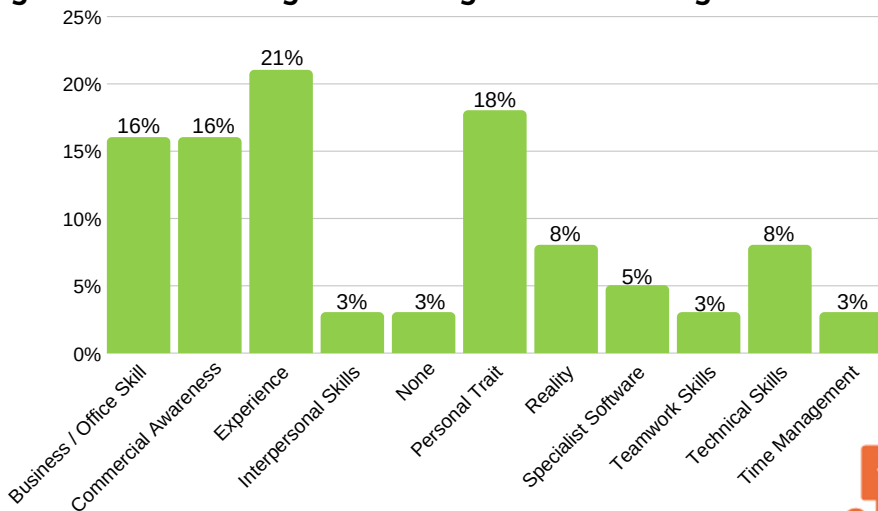
When comparing the value put upon skills by the students and graduates, the top **four areas** identified were personal traits, communication related skills, data analysis and research skills and organisation skills. Arguably, these skills are more down to the individual and not necessarily developed through university education. For example, resilience, passion, initiative and being hardworking are all skills which are inherent in a personality, but these were the skills identified as being the most valuable to those individuals. **What can we do to develop these skills in our graduates to help them feel more prepared for the workplace?**

Employers: what could we do to maximise and harness these skills in our young people?

It is also interesting to observe that the **second most** valuable skill group identified by employers, was actually not something identified by the graduates themselves. We have called these “generational” but examples of this include: up to date and fresh thinking, modern ideas and knowledge of the latest trends. **Why is it that those questioned didn’t feel that their youth was an asset?**



Employers - Which one valuable skill were your graduates missing when they started with your business?



Our findings suggest that employers agree with the graduates. Experience was identified most often as the factor which was missing from their graduates. This was closely followed by personality traits such as pragmatism, empathy and the ability to think. The same proportion of graduates and employers found that business and office skills were lacking, and this was the same proportion of employers who cited a lack of commercial awareness in their graduates. Anecdotally, commercial awareness is something which comes up time and time again in both job briefings and interview feedback for new graduates. Commercial awareness is something which is difficult to define and therefore difficult to learn.

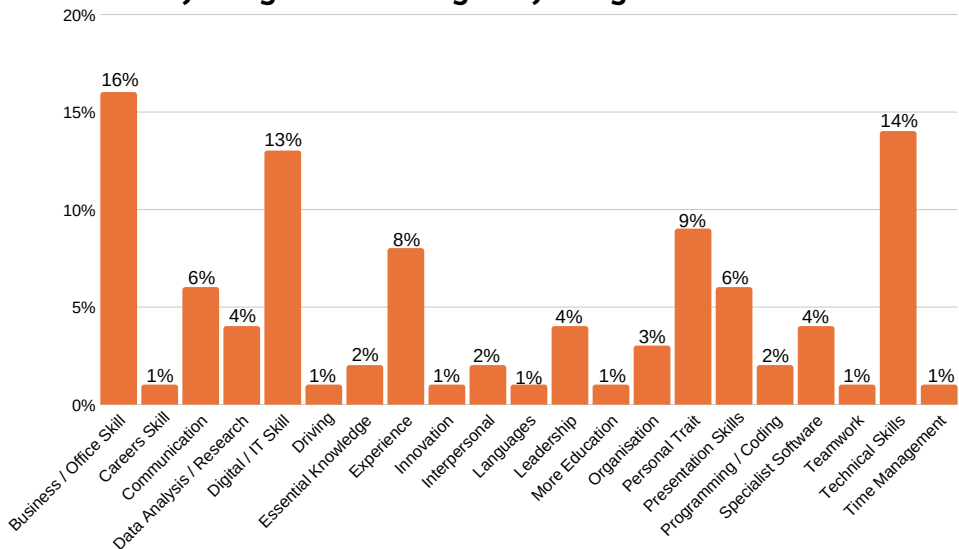
Advice for graduates:



"A commercially aware employee is one who understands the inner workings of both the organisation they work for and the industry it operates within" www.Wikijob.co.uk
Read up about the industry you are applying to. Follow the company on LinkedIn, Twitter and Instagram. If your degree is accredited and you have a membership of an institute such as CIPS, CIPD, ImechE, keep your membership and read your magazines. Engage in conversation & debate about the industry you want to work in and the profession you want to engage with. When executing your job role, consider the external influences on what you are doing such as political decisions, legal changes and technological advances.

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Students and Graduates - What skill do you wish you had before you started your first graduate role?



When considering which skills were missing when graduates first entered the job market, there was a clear trend towards “hard skills” such as business / office skills, digital & IT skills, and technical skills. It seems that graduates are not learning how to use email or basic computer tools such as Excel. Our findings suggest that they don’t feel confident in the workplace about, for example, how to answer the phone, how to behave and contribute in an office environment and how to prioritise and manage their own workloads.

Personal traits, experience and communication skills were also identified as lacking by a quarter of respondents, suggesting that some graduates are leaving university feeling unable to conduct themselves with confidence in the workplace. Perhaps this isn’t overly surprising; we all must start somewhere, but **could we do more to accommodate young people in the workplace to make that transition from education to employment smoother?**

“They can’t answer the phone or speak directly to people, they are not great at saying when they don’t know something and their expectations about the speed of being put in front of the clients is unrealistic”. - Employer

“Going from academia into work is a big leap as the requirements between the disciplines are completely different.” - Employer

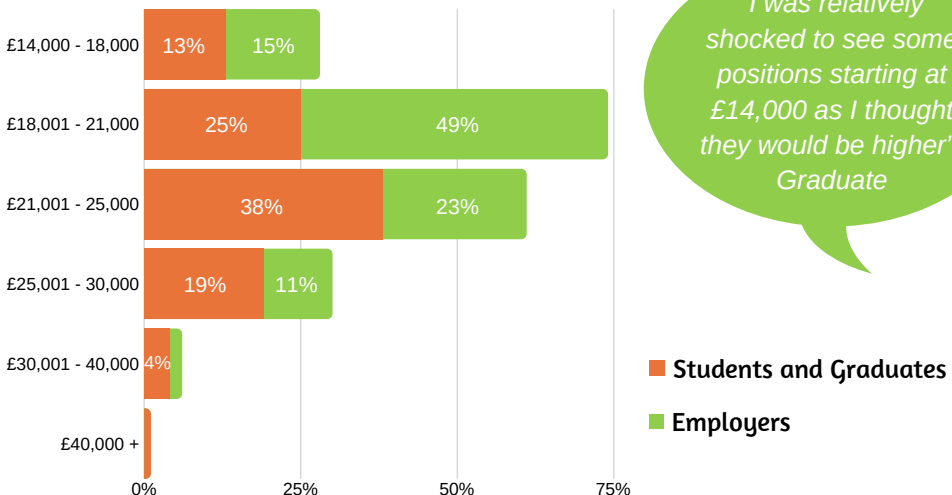
Salary

This chapter is not intended to be a comprehensive salary survey. We were interested to explore expectations of students and compare these between different groups.

According to the ISE (Institute of Student Employers), the average starting salary for graduates in 2019 is £29,000. We wanted to understand whether this level of salary was a reality for all students, or just the lucky 15% who join a graduate scheme, training programme or professional programme with larger employers, professional or government organisations.

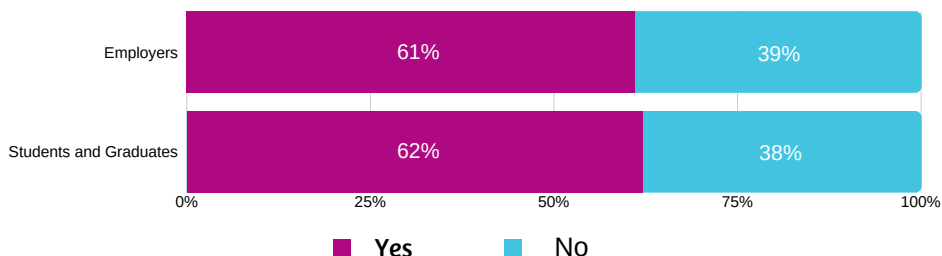
We asked students what their expectations were before they started looking for work and then asked employers what they actually paid their new graduates. The findings can be seen on this graph, plotted against each other. Once again, there is a clear disconnect between graduate expectations and the reality of what many employers are offering. Almost **two thirds** of employers (64%) pay their graduates £21,000 or under, whilst only **one third** of students were expecting to be paid £21,000 or under. Only a **quarter** of graduates expected to earn around the range indicated by the ISE (£25,000 -£40,000) whilst only **13%** of employers were willing to pay within that range.

Salary Expectations vs Reality



"I was relatively shocked to see some positions starting at £14,000 as I thought they would be higher"- Graduate

Do you think graduate salaries are falsely inflated in the media?



We also specifically asked both the graduates and the employers whether they felt that graduate salaries were inflated in the media and almost two thirds of both groups agreed they were.

Our findings support the suggestion that the larger graduate training programmes are distorting the perception of graduate salaries and leaving too many graduates feeling disappointed. **Could the universities be doing more to set expectations that salaries quoted in the annual ISE report apply only to a small proportion of graduate jobs and that the reality is, that most students will not enter the jobs market at that level?**

"I have had comments along the lines of 'that's not what the university said my starting salary would be!' - Employer

"I was regularly told I should be aiming for 30k+ and that I would essentially walk into a job, not the case" - Graduate

Ryan is a Mechanical Engineering Graduate from De Montfort University. His first graduate role was at Interroll as a trainee technical specialist.

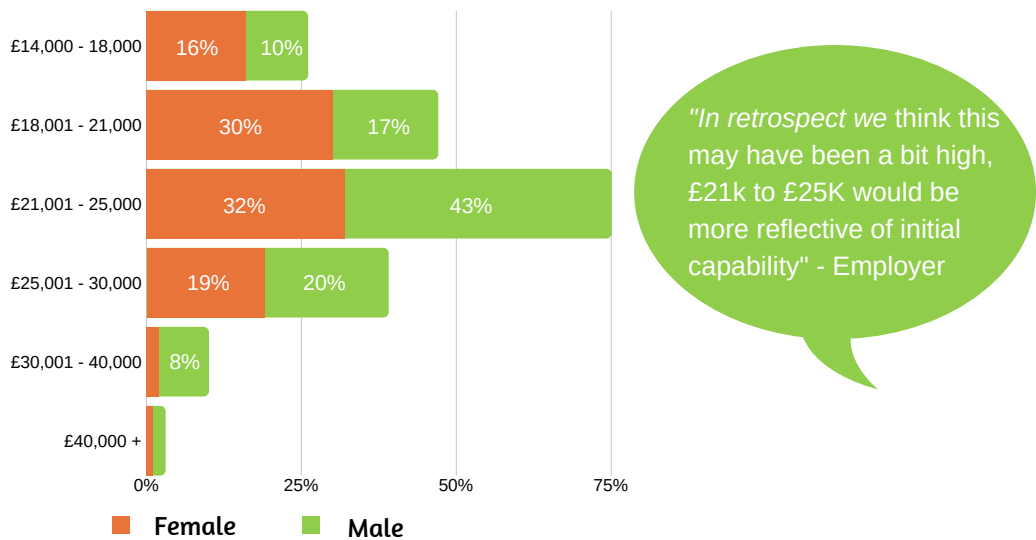
Ryan expected his first graduate job salary to be between £18 -£21K, but his actual first salary was £20,000. Ryan was happy with this pay initially, but he had a long commute which affected his expenditure. Ryan has now moved on to a job at Pem-tech, which pays him more and is closer to home.

Ryan feels that salaries are inflated in the media. He said that lots of salaries were diluted and generalised by graduate job boards. Ryan felt many roles found on these type of sites were advertising the salaries as negotiable or competitive, which made him feel in the dark, He was imagining a much higher salary than what the company was actually offering.

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We were also interested to explore whether gender had an influence on salary expectations. Recent publications have confirmed that the Gender Pay Gap is real and does exist. We only asked contributors about their expectations and not about actual salaries but the findings did show a difference between males and females.

Salary Expectations Female vs Male



Our findings are that significantly more females expect to earn significantly less than their male colleagues.

The gender pay gap is now widely acknowledged and on the agenda both in the press and in industry discussions worldwide. It was disappointing to find that even at this early stage of their careers, the expectations of female graduates were already so far behind the expectations of their male colleagues.

"The act of professional negotiation has a completely different definition for men than for women. For women, negotiation is seen as an improper act of appearing "greedy" or desperate. It is frowned upon by women, who are often intimidated by the act of asking for their worth in business and the workplace.

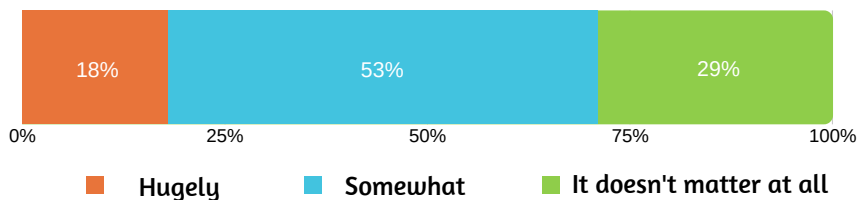
The same could not be further from the truth for men. In fact, men are encouraged to ask, renegotiate compensation agreements, partnerships and more. It is a highly marketable skill, which is viewed as a key leadership strategy"

Carol Sankar, Forbes.

Size of Business

Following on from our 2013 research which focused specifically on smaller businesses, we wanted to know how much the size of business influenced graduates' career choices

Students and Graduates - How much does the size of a business impact your desire to join them?



We found that size of business only mattered hugely to **18%** of graduates. And looking into the comments, whilst for some graduates bigger is better, for others, smaller businesses were more desirable.

One third of graduates were ambivalent about the size of business, and for them, what really mattered was the chance to develop, grow and use their skills. The perception of the benefits or otherwise of the size of the business seems to be heavily influenced by representations in the media and on campus:

"Shabina is a Business and International Relations graduate from Aston University. She is now in graduate level employment, having joined Voxtopme as an intern project manager in the July after she graduated. Shabina explained the size of a business didn't matter when it comes to her choice of place to work as she has experience of working in both large and small companies and has had a positive experience with both. The company she works for currently is a start-up company. She was promoted within one month of working there. She based her choice of company on their culture, salary and expectation of the role."

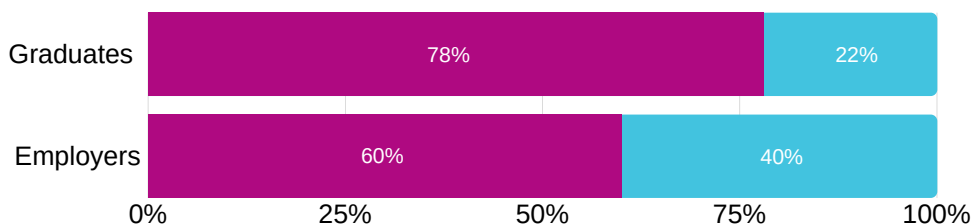
"Thought I wanted to join a massive company, but having more experience and perspective now I'm convinced the opposite is best for graduates" - Graduate

Social Media

In today's recruitment market, social media is increasingly used. This chapter delves further into the use and effectiveness of these channels in graduate attraction strategies.

Four fifths of graduates and **three fifths** of employers use some kind of social media as part of their attraction strategy.

Social Media Usage Students and Graduates vs Employers



But which platforms were most popular? The civil service fast stream regularly uses Facebook for live Q & A sessions and many of the graduate programmes use Twitter to promote their schemes and update their followers. Despite this, we found LinkedIn to be the go-to platform for both students and employers. A **quarter** of student respondents were turning to Facebook and linked in to search for roles, with a **third** of employers promoting via Facebook.

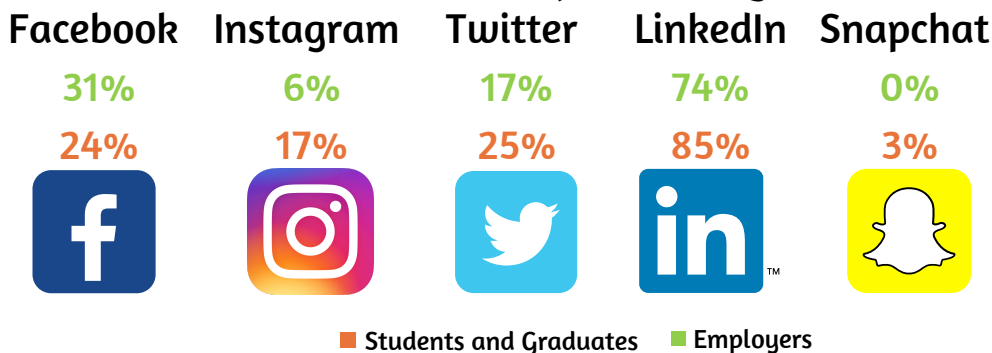
■ Used
■ Not Used

"We are an old style business coming to terms with the latest trends"
- Employer

Aside from LinkedIn our findings are that students and employers aren't using the same platforms to search for and promote roles. For example, **17%** of students are looking for jobs on Instagram which aren't there since only **6%** of employers are promoting roles on this platform.



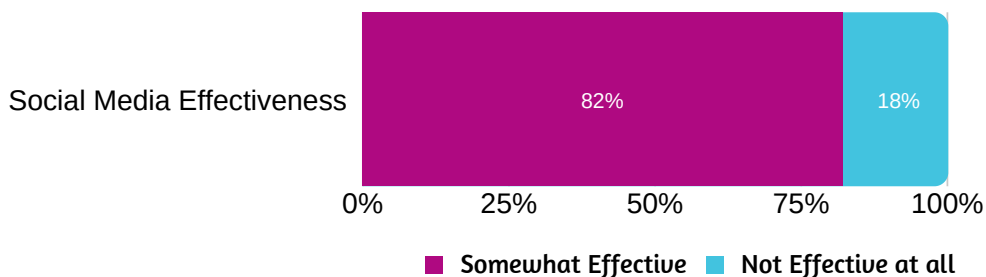
Social Media Platform Usage



Perhaps unsurprisingly given the fact that employers aren't promoting on the same platforms that graduates are using, **none** of the employers found the method to be very effective and **18%** suggested that it was a waste of time.

Note: Respondents were able to select multiple options. Each figure is a percentage of the total number of respondents who used each platform and not a percentage of the whole.

Employers - Effectiveness of social media platforms



"I didn't feel like we attracted from Facebook or twitter, LinkedIn was effective and given more time to focus on candidates and attraction I think we would have been able to increase direct targeting. We also did blogs from last years intake to share on social media" - Employer

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Universities

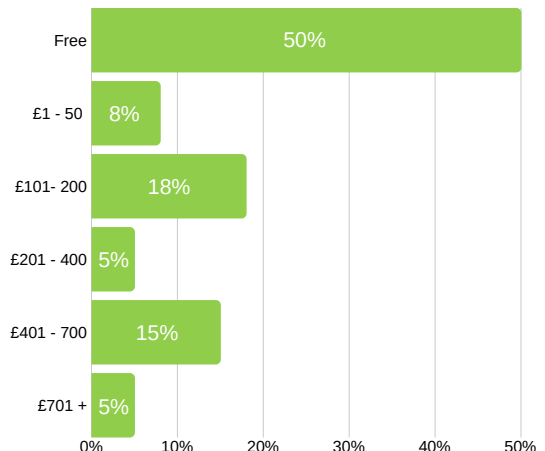
Universities employ large teams of careers advisors & employability professionals, the employment destination of graduates contribute to a university's league table standings. This chapter explores graduate career services.

Graduate careers and placements fairs are an established part of the university calendar. Both in the autumn and spring terms, most universities will put on at least one fair. The purpose ostensibly is to bring the employers to the students, allowing them to network, ask questions and find out more about their career options. Whilst some universities never charge to welcome employers on campus, many still charge a fee. For some, the fee is presented as an admin fee, for others it is clearly presented as the price an employer needs to pay to access exceptional graduate talent. We wanted to understand whether these charges were putting off smaller, lesser known employers, and in doing so, limiting graduates' exposure to the options available to them.

A clear **50%** of the employers we polled, suggested that careers fairs should be free to access. And whilst some were prepared to pay a small amount (a further **25%** would pay up to £200) only a **quarter** of employers were prepared to pay more than £200 to attend a fair.

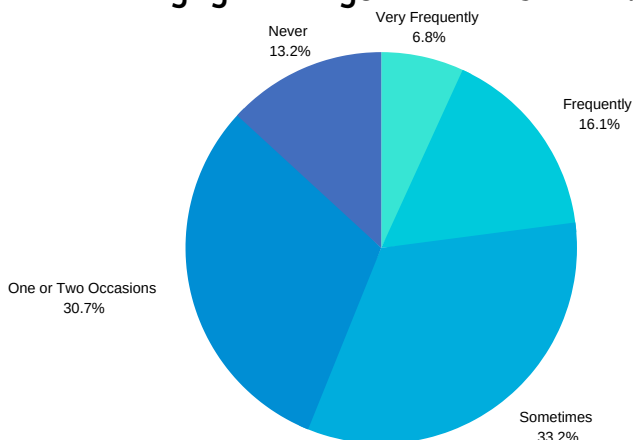
We also asked employers whether they had actually attended a fair and compared their willingness to pay with their attendance. **Two thirds** of employers who don't routinely attend fairs, were not prepared to pay to do so.

Employers - What is the maximum you would be willing to spend on a careers fair?



"We are too small a company for this to be of value. We recruit when we need to, not on an annual basis" - Employer.

Students and Graduates - How often did you or do you engage with your careers team?

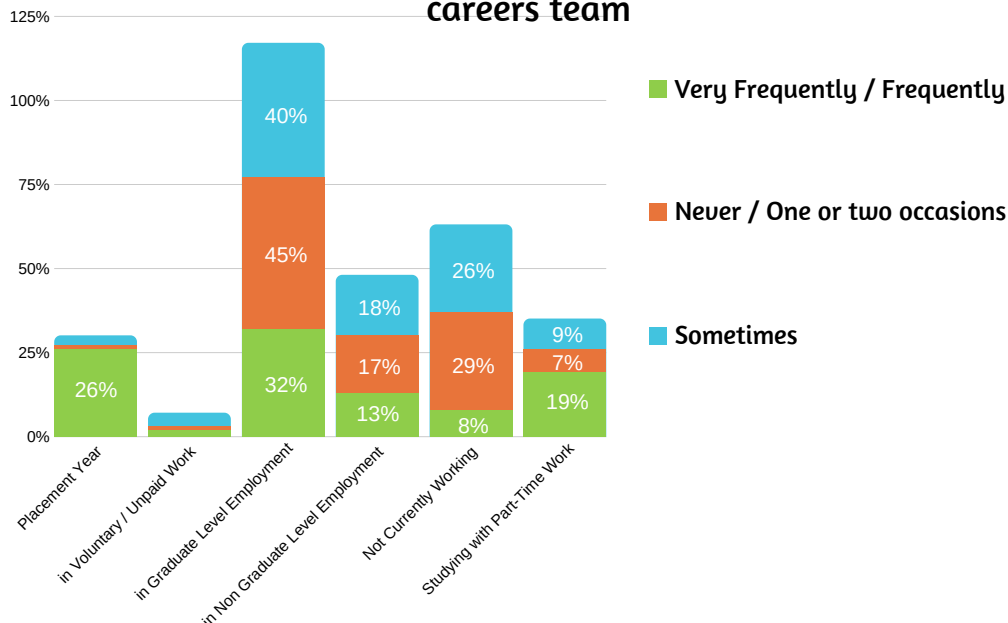


We found that **13%** of students never engaged with their university careers service and a further **third**, only accessed them on one or two occasions whilst at university. Almost a **quarter** of students and graduates were frequent or very frequent visitors to the careers service. There is no guarantee therefore that employers paying to visit university careers fairs would access anything but the most engaged of students.

It could be argued that employers would only want to meet the most engaged students, but it is worth considering what could be keeping students away. A student who has work or family commitments, or who travels a long way to attend university, may not have the time, means or resources to attend events. It's important that careers events are reflective of the whole of society and are representative of many careers and options, not just the large graduate programmes.

"I believe that graduates are not prepared with the reality that finding a job straight out of University is incredibly difficult. When we are faced with reality that we may have to get a standard retail job straight of a degree level it can be rather deflating. University need to work on preparing us for the reality that we might not get into the job we hoped for, for at least a year". - London Marketing Graduate

Employment status compared to engagement with careers team



We were interested to see if there was a correlation between engagement with careers services and the employment status of graduates. We found that students on placement years or those completing part time work whilst studying were **more likely** to have engaged with the careers service frequently. This perhaps suggests that either the careers service is better at helping undergraduates than they are those looking for their first graduate roles, or at least that this is the perception.

There was also a slightly **higher** proportion of graduates in either non-graduate level employment or who were unemployed, who did not engage or very rarely engaged with their careers teams.

Advice to students and graduates: Engage with your careers teams!

"The placement team at Huddersfield university are really involved with the placement process" - Graduate

"Not as often as I should have!" - Graduate



Conclusion

Not all students are leaving university feeling prepared for the workplace and employers are picking up on this. This lack of preparedness is not all about hard skills, it is more about confidence and commercial awareness. The solutions are not simple and not something that can be achieved through classroom teaching.

Employers are part of the answer, especially smaller businesses. Graduates recognise the possibilities offered by them so if they are more proactive in supporting students by offering projects, internships and placements they will reap the rewards.

Students need to get more experience. This doesn't just mean getting and executing a job, it means maximising every opportunity (be that voluntary, project work or paid work) to understand and develop real employability skills. They need supporting to actively appreciate how early work experiences can contribute to them being work ready.

All universities, be they traditional or new, need to deliver to the whole cohort, not just business students. And they could do more to support and promote opportunities outside of the larger employers, which includes being cautious when promoting top-end salaries. There are many examples of universities offering tailored support for smaller businesses but arguably, more could be done to present smaller businesses on a level playing field with larger employers.

We all need to be aware of the differences in expectations between the genders and ensure we are doing everything we can to promote equivalence.



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