

Graduate trends — the latest news

Richard Pearson

The 'shake out' of jobs in the City of London — accentuated by recent events in the stock markets — is one new trend this year.

EACH autumn, this column reviews the latest trends in the graduate labour market as a precursor to the annual Milk Round through which many UK companies conduct their graduate recruitment activities. Traditionally, in the spring term of each year, 500 or more companies advertise vacancies, interview candidates and, they hope, secure their share of the graduates in the summer. Although this remains the dominant source of recruitment, more and more employers are recruiting throughout the year, with more good-quality vacancies appearing at the summer recruitment fairs. In order to attract the best students, many companies are also now starting recruitment in the autumn term, challenging the accountants who have traditionally recruited before Christmas and have thus been able to steal a march on their competitors. The fact that the accountants now take one in nine of university graduates going into employment has led many other employers to follow their lead.

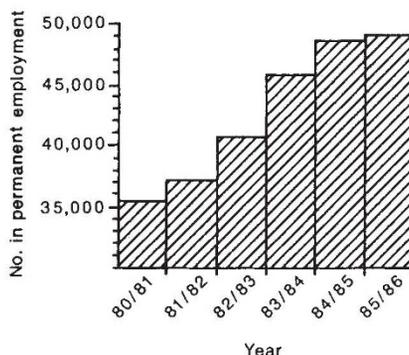
Demand for graduates has continued to rise since 1984, when the economy was pulling out of the recession and the watchword of this column was 'cautious growth in demand for graduates', to be followed in subsequent years by 'a seller's market for graduates' in 1985 and 'competition between employers is becoming intense' in 1986. This year promises to be another record. These ever-improving prospects have been brought about both by an increase in demand and by a reduction in university graduate output over the past three years resulting from the cuts of 1981–82. In 1986 for example, the total output of graduates was about 116,000 at first-degree level of whom 71,000 came from the universities, a figure which had fallen from a peak of 74,000 in 1983, with a compensating rise in output from the polytechnics and other colleges.

There are also some 26,000 postgraduates, of whom more than half are UK residents. But the figures include many postgraduates receiving their degrees when they have already been in employment for several years and exclude a very large but unknown number who fail to complete their doctorates. Another statistical problem has been the change in subject classifications which took place this year which, while helpful for the future, makes it difficult to compare trends in the output of first-degree graduates in different subjects.

Percentages of graduates in permanent employment, by subject

Pharmacy	96.3	88.8
Electrical engineering	82.7	79.3
Mechanical engineering	79.3	81.1
Production engineering	80.4	77.9
Biological sciences	54.0	47.0
Mathematics	82.5	71.0
Chemistry	49.6	47.1
Psychology	50.6	52.1

Source: First Destination Statistics.



First-degree graduates in permanent employment six months after graduation.

From within a broadly static output, the numbers of first-degree graduates going directly into employment has risen for the fifth year running and is set to rise again in 1988 (see figure). Last year also saw a continuation of the fall in the graduate unemployment rate. The precise meaning of these figures is, however, hotly debated. For example, while university graduates are less likely to be unemployed (7.3 per cent in 1986) than their polytechnic counterparts (11.7 per cent in 1986), maintaining a traditional differential, in many subjects polytechnic graduates are more likely to go into permanent employment (see table). This apparent paradox is explained by the greater likelihood that university graduates will go on to further training by way of a postgraduate course in teaching for example, or into research. Another reading of the figures shows only 51.4 per cent of Cambridge graduates getting permanent jobs on graduation against a national average of 60.6 per cent and 77.1 per cent for Brunel.

Demand for graduates in 1988 is expected to be 5 per cent higher than in the year just completed, although this increase is not uniform. Recruitment of new graduates to electronics and computing has still to recover fully from the downturn of last year and the demand by many industrial

employers is continuing to fluctuate. The major growth points are among the newer recruiters, particularly retailers, while solicitors are becoming a major force in the market. The largest recruiters, however, remain accountants, several of whom are seeking 300 or more graduates and one of whom is seeking nearly 1,000.

On the salary front, the start of the shakeout in the City of London may lead to a moderation in the high salaries of £20,000 or more being paid to some graduates, but there are still many City employers and management consultancies paying £13,000 or more. The numbers receiving these salaries are, however, relatively small, totalling a couple of thousand perhaps, and the salary range that most graduates can expect in 1988 is likely to be between £7,000 and £11,000 with an average of just over £9,000. The highest salaries are available mainly in London and are being paid by management and business services companies and those in the oil, chemicals and electronics sectors, while the lower figures are usually associated with jobs involving heavy initial training such as in civil engineering and accountancy, although it is mainly the smaller accountancy practices that offer the lower salaries. Subject differences, where they apply, continue to favour the electronics graduates and those with engineering and computing skills.

Premiums for postgraduate study, where they exist, remain small unless the research is especially relevant, when salaries are set on a one-off basis and may reach £12,000 or more. More usually, the premium, if paid, is around £500 — less than would have been achieved after an equivalent period by a direct entry first-degree graduate. London differentials are averaging around £900 and in some cases reach £2,000, but are not always explicitly identified as many London employers do not offer jobs outside the capital. The principal message on the salary front is one of diversity, with enormous differences between the highs and lows, although the majority of graduates are likely to start on salaries well under £10,000. There are plenty of jobs available and career choice should take account of training and long-term prospects as well as intrinsic interest and salary.

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