

Inside student recruitment 2019

Findings of the ISE
recruitment survey

Institute of
Student
Employers

ise.

Trends, benchmarks and insights



Contents

Institute of Student Employers (ISE)

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Stephen Isherwood,
Chief Executive, ISE

Foreword

Welcome to the ISE's annual student recruitment survey. This is our annual report on the UK student recruitment market from the perspective of the ISE's employer members.

In another politically tumultuous year the student recruitment market remains healthy. Graduate hiring numbers are up 10% and non-graduate numbers are up 7%. Employers received a healthy volume of applications and are paying their graduates more (the median salary is up by £750 since last year).

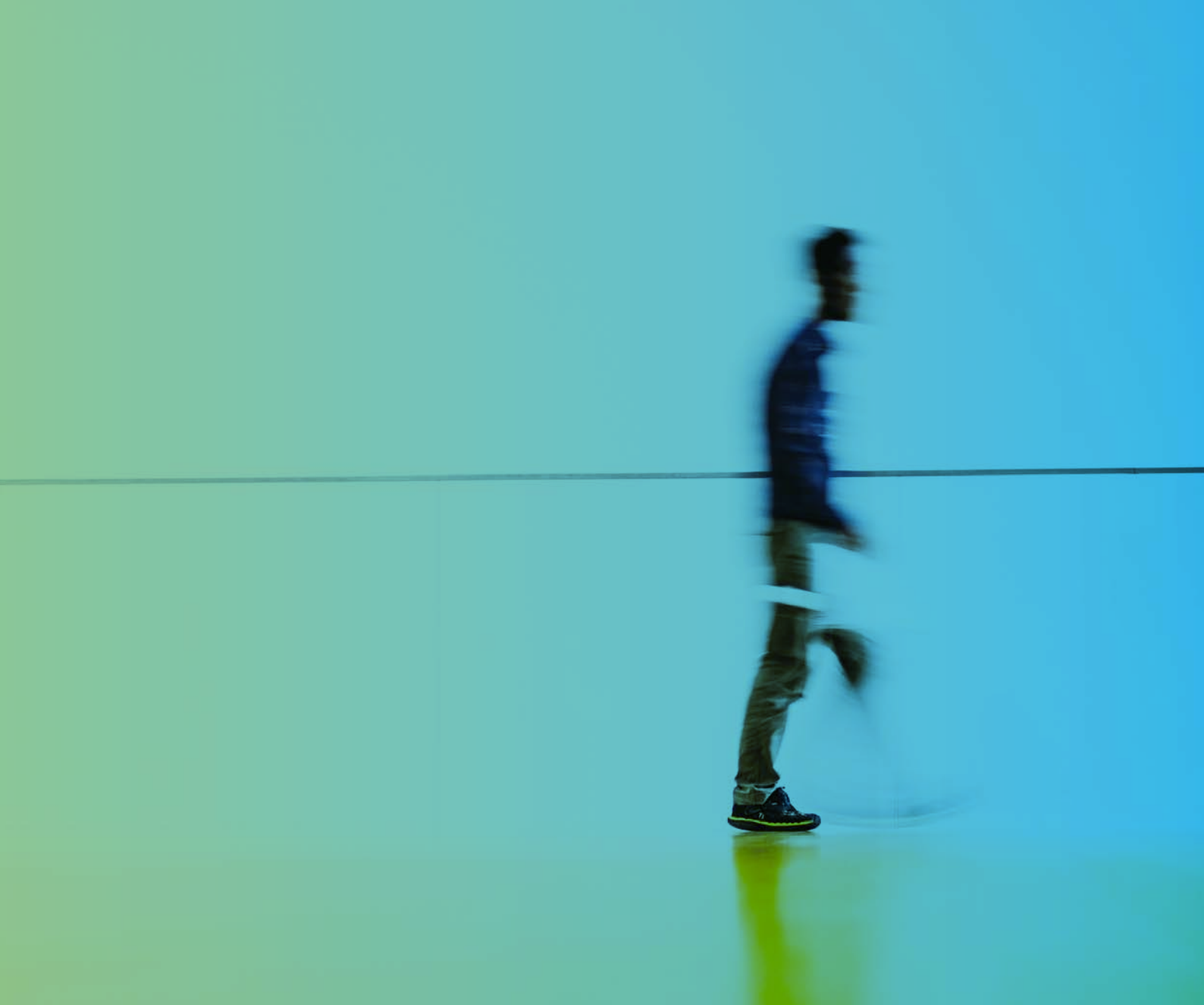
As you read the report you will find some signs of a more cautionary tale. Overall internship and placement vacancies are down and half of employers think an economic recession and/or Brexit will negatively affect hiring numbers over the next five years.

As well as overall labour market indicators, this report contains a wealth of detail that will enable you to benchmark your student recruitment strategies. We break down in considerable detail how employers attract and recruit students and how they allocate their budgets.

Employers tell us how they are adjusting their practices to increase the diversity of their hires, how effective different campus outreach activities are, and which selection tools they think most accurately assess candidates.

Take the time to digest the valuable information in this report and you will find meaningful insights about the student recruitment market that will help you improve your recruitment strategy and your organisation's performance.

Thank you to the ISE members who took the time to compile and submit their organisation's data. It's with your help and support that we can produce the valuable insights and analysis that will ensure our industry continues to meet the needs of employers, educators and the students who are embarking on their early career journeys.



Foreword



Executive summary

This report sets out current insights on the student recruitment market. It is based on a survey of 153 employers who report that they recruited 37,389 student hires during the 2018/2019 recruitment season.

Recruitment strategy

Firms report that they need to resource student recruitment appropriately to ensure that they are able to access the talent that they need.

- The average student recruitment team is made up of 4 people.
- Firms spend an average of £3,310 on recruitment for every student that they hire.
- 42% of firms outsource some of their recruitment and 27% use freelancers to bolster their operations.

The introduction of the apprenticeship levy has been a major new aspect that student recruitment teams have to attend to. Responding to this has been core to many organisations' strategies.

- The average firm is paying £1.225 million annually to the government in apprenticeship levy.
- Firms are only spending an average of 37% of their apprenticeship levy.
- Firms reported starting 11,224 apprentices this year of whom 52% were non-graduates, 25% graduates and 23% existing staff.

Ensuring a diverse workforce is a key element of most organisations' student recruitment strategy.

- On average firms are prioritising all diversity strands more highly this year than last year.
- The desire to secure the best talent is the most important driver for engagement with diversity (cited by 76% of respondents).
- The overwhelming majority (78%) of firms now have a mental wellbeing policy in their firm.
- A high proportion of firms have made changes to their recruitment processes to improve diversity.

Graduate hires

Firms recruit large numbers of graduates as their main source of new entry level talent.

- Almost all (98%) of firms hired graduates during the 2018/2019 recruitment season.
- Overall the number of graduates that firms recruited has increased by around 10% since last year.
- Graduates were distributed around the country with around 56% concentrated in London and the South East.
- Graduates are recruited to fill a wide range of different roles. Firms reported some difficulties in filling some technical and STEM-related roles.
- Most firms (58%) reported that they were 'almost always' able to find the quality of graduates that they need.

Non-graduate hires

Employers recruit non-graduate entry level hires as an alternative source of talent to their graduate hires.

- A clear majority (68%) of firms reported that they recruited non-graduate entry-level hires in the 2018/2019 recruitment season.
- Most (84%) of the non-graduate hires recruited by firms are recruited direct from school or college. However, 12% come from another job and 4% from a period of unemployment.
- The number of non-graduate hires recruited by ISE members has risen by 7% since last year.
- Non-graduate hires are distributed across the country with around 39% in London and the South East.
- Non-graduate hires are hired to work in a wide range of different roles. Firms reported a number of technical and STEM (science, technology, engineering and maths) -related roles that they found it more difficult to fill.
- Around half of firms said that they were almost always able to find the quality of non-graduate hires that they want.

Interns and placement students

Employers are recruiting two types of short-term and temporary hires. Interns who are generally recruited for around three months often during a vacation and placement students who are often recruited as part of a gap or placement year.

- Around 70% of firms reported that they hired interns and 54% reported that they hired placement students.
- There has been a fall in the total number of interns (by 4%) and placement students (by 7%) recruited since last year.
- Firms recruit an average of 47% of their interns and 44% of their placement students into graduate jobs in subsequent years.

Attraction

Firms have developed approaches to attract and engage potential hires.

- The average (median) number of applications per hire received during the 2018/2019 season was 50 for graduates, 20 for non-graduates and 33 for interns.
- Most firms organise their recruitment campaign around a single intake every year.

- Firms identified visits to universities, the use of external jobs boards and advertising on their own websites as the three most effective ways to attract candidates.
- On average firms reported that they were working with 26 schools, 5 further education colleges and 23 universities as part of their recruitment campaign.

Selection

Firms reported the use of a wide range of approaches to identifying the right candidates to hire.

- A majority of employers use a 2:1 as a minimum entry requirement. However, the number adopting no minimum entry requirements has continued to grow this year.
- There was strong agreement amongst respondents that assessment centres were the most effective way to select the right candidate (90% of respondents agreed with this statement).

Hiring

Employers are committed to filling as many of their vacancies as possible every year. To ensure that they do this they develop competitive offers for new staff.

- Employers anticipated that they would fill an average of 96% of their graduate vacancies and 94% of their non-graduate vacancies.
- Graduates accepted an average of 84% of the offers that they were given and non-graduates accepted 92%.
- The average starting salaries were as follows: graduates (£29,000); non-graduates (£17,417), interns and placement students (£19,000). These salaries varied extensively by sector and by region.
- The graduate salaries offered by ISE members have been going up consistently over time (e.g. £750 rise since last year). They are competitive in comparison to the average graduate salary. However, when these figures are indexed to the Consumer Price Index they continue to look fairly flat with salary levels still not fully recovered to pre-crash levels in real terms.
- In addition to competitive salaries ISE members also offer a wide range of other benefits for new hires.



Looking forwards

This year's findings suggest that the student recruitment market is in a healthy position with businesses continuing to increase their recruitment of graduates and non-graduates. Looking forwards firms reported some concerns about how they expected the market to develop over the next five years.

- Some employers were concerned that recruiting particular occupations would become harder over

the next five years. These concerns were generally focused around more technical, and STEM-related occupations.

- Some employers were concerned about wider social, political and economic trends and their impact on the student recruitment market. Most employers (53%) perceived that economic factors (either a possible recession or Brexit) will lead them to recruit less students than they otherwise would have done over the next five years.



Introduction

1

Every year companies seek new entry-level recruits. Such companies are usually recruiting young people, straight from the education system. They are hoping to find something much more than people to fill jobs at the bottom of their organisations. Most have a clear vision that some, or even most, of their new recruits will stay with the firm and build their careers within it. Where this kind of student recruitment works well the recruiting companies are finding the talent that will serve as the future of their organisation.

The Institute of Student Employers (ISE) brings together employers who are engaged in the student recruitment market. It helps to connect them to schools, colleges and universities and to other players in this market. Most of the firms that are members of ISE are large, recruiting substantial number of graduates and school and college leavers each and every year.

In other words, the student recruitment market is big business and important business. It matters for the firms that are seeking new talent, for the educational institutions that have been developing the students for work and, of course, for the students themselves.

This report will provide detailed insights into the way that the student recruitment market works. It will highlight what firms have been doing and draw out what they think is effective. It is designed to support those within the market to understand its operation and benchmark their approach against others. We will be doing this largely by looking at data collected in the 2018/2019 recruitment season, but we will also make use of the ISE's historical data where this can be helpful in illuminating what has changed.¹

¹ The ISE has historical data going back further in relation to the graduate element of the market than the non-graduate element.

² **Data cleaning notes:** (a) Where multiple submissions from the same employer were found the most complete one was retained. In one case two partial responses were combined to create a complete response; (b) Where approximate numbers were given they were rendered as an actual number e.g. 8000+ was rendered as 8001 and 30-40 was rendered as 35; (c) Where figures were given in non-UK currencies they were converted using Google's currency converter on the 21st August 2019; (d) Responses entered into 'Other' categories were reviewed and re-coded to a pre-existing category where appropriate.



In many ways the 2018/2019 season has been a typical student recruitment season. We will look at what this means in detail throughout this report, but it is worth briefly reflecting on the climate within which firms have been operating. 2019 was supposed to have been the year in which Brexit happened. It still might be, but the government was unable to enact its original plans to leave the European Union in March. Consequently, Britain has been in a period of considerable political instability with questions hanging over the future of the economy. These concerns have been further exacerbated by wider global instability. With the US and China in a trade war, the Amazon on fire and ongoing concerns about the economic impact of automation and technological change it would not be surprising if some firms were thinking twice about investing in new talent. Business is often cautious in the face of the unknown.

Despite the sound and fury that can be found in the news media, our key finding for this year is that student recruitment is weathering the storm well. Firms have for the most part rejected the urge dial down their recruitment in the face of the challenges of the present and the threatened challenges of the future. Firms are continuing to trade successfully, to recruit new staff and to develop them. We hope that this continues into 2019/2020 and will do everything that we can to support firms to manage the uncertainty that lies ahead.

About the study

This report describes the student recruitment activities of 153 ISE members. These members report recruiting 37,389 student hires. These hires were made up of 21,877 graduates, 6,218 non-graduates, 6,734 interns and 2,560 placement students.

During July and August 2019 the ISE ran its annual survey asking employers about their recruitment practice over the 2018/2019 recruitment season.

ISE members were recruited to participate in the survey via email invitations. All members were then called at least twice to encourage them to participate. 291 responses to the survey were received. Data were cleaned² and duplicates and ineligible responses were removed to give a final sample of 153 organisations (55% of eligible participants). Figure 1.1 shows how the sample breaks down by sector.

Figure 1.1
Break down of responses to the survey by sector

Sector	Responses	Proportion of section
Finance and professional services	41	64%
Industry	35	55%
Digital and IT	22	58%
Legal	21	40%
Retail and FMCG	16	52%
Built Environment	10	59%
Charity and public sector	8	50%
Total	153	54%

37,389

Number of student hires covered by this report

Organisations ranged in size from 25 employees to almost half a million employees. The median organisation size was 5,500 employees.

Recruitment strategy

2

““...

This chapter explores how firms organise their student recruitment strategy. It argues that student recruitment is a complex activity which requires a professional team who need to make a range of strategic decisions about the way to best organise it. The chapter explores the structures and resourcing that support student recruitment, examines how organisations are managing the apprenticeship levy and looks at the key issue of the diversity of the workforce.

Management and resourcing of student recruitment

Recruiting entry level talent is a complex activity which requires careful management and clear resourcing. Student recruitment does not just happen, it needs professionals to organise it and appropriate resourcing. In this section we look at the way this is handled within the firms that responded to the survey.

The average (median) student recruitment team is made up of 4 people and has a budget of £150,000. On average this meant that firms were spending £3,310 for every student that they hired (including graduates, non-graduates, interns and placement students).

Firms allocated this money to a variety of different groups and activities. Figures 2.1 and 2.2 show how the average firm broke its recruitment budget down, firstly by target group and secondly by activity.

Figure 2.1

Recruitment budgets by target group (Based on responses from 131 employers)

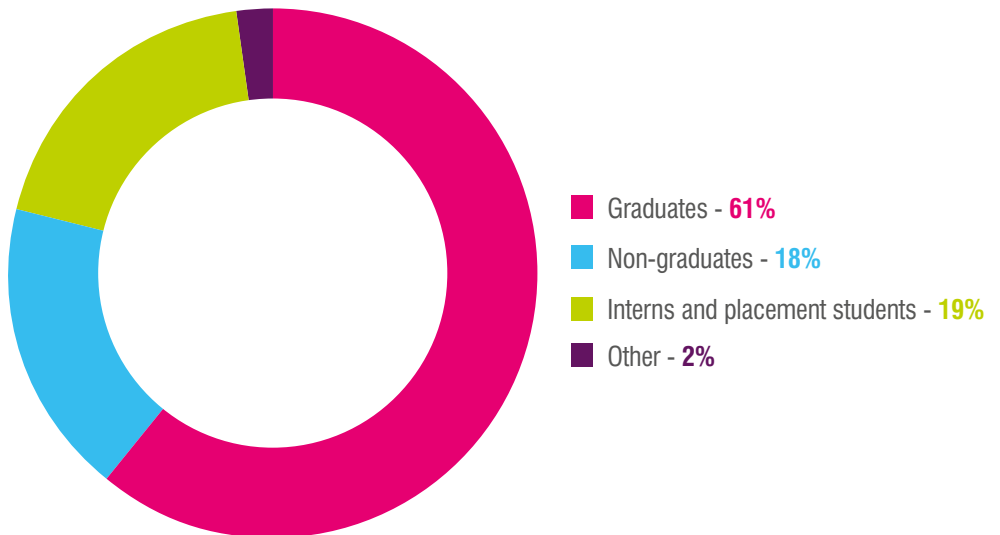
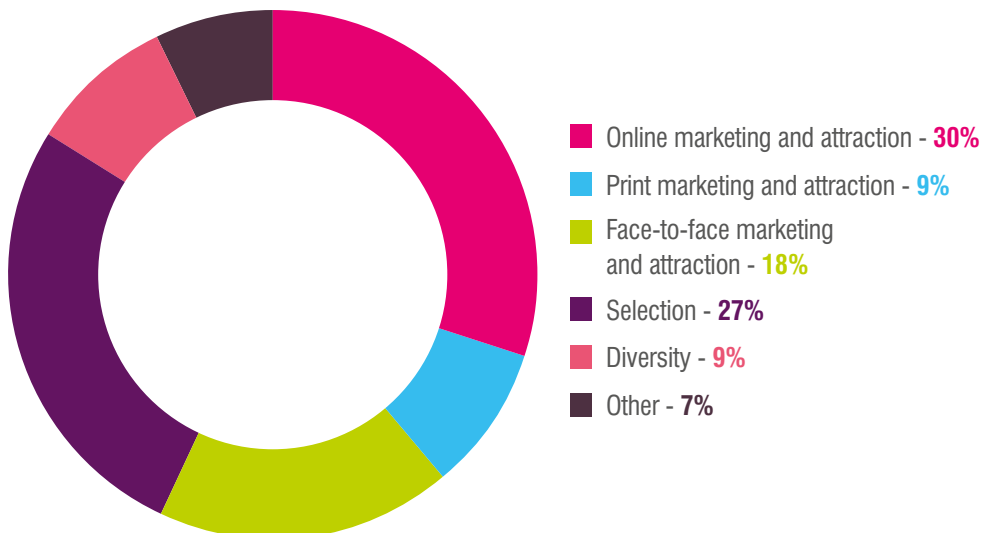


Figure 2.2

Recruitment budgets by activity (Based on responses from 123 employers)



BUDGET 2019

In addition to using the firms' staff, 42% of firms outsource some of their student recruitment activity. The most common activity to be outsourced is selection and assessment which was outsourced by 68% of the firms who used outsourcing. It was also common to outsource online marketing (58%) and print marketing (34%) but less common to outsource face-to-face marketing (3%) or diversity work (1%).

It was also fairly common to use consultants and freelancers with 27% of firms saying that they did this. Again, this was most commonly used with selection and assessment (68%) and online marketing (30%) but was also reported for print marketing (19%), diversity (11%) and face-to-face marketing (5%).

Managing the apprenticeship levy

One of the big issues that employers are dealing with at a strategic level is how to manage the apprenticeship levy.³ Almost all (91%) of the employers responding to this survey reported that they were paying the apprenticeship levy with the median level of levy being paid £1.225 million.

As we have found in previous research, employers are finding it difficult to spend the apprenticeship levy at the level that they are paying it.⁴ The average firm reported that they were spending 37% of their levy funding. This was in comparison to 28% in the previous year, which supports findings in our previous research that employers have been steadily ramping up their engagement with apprenticeships.

The overwhelming majority of firms (79%) are now running apprenticeship programmes. It is becoming increasingly clear the way in which firms are using their levy money and apprenticeship programmes to support the training of all of their staff. While the popular understanding of apprentices is that they are school leavers, firms are variously using the levy to support this group (non-graduates), graduate programmes and the training and development of existing staff.

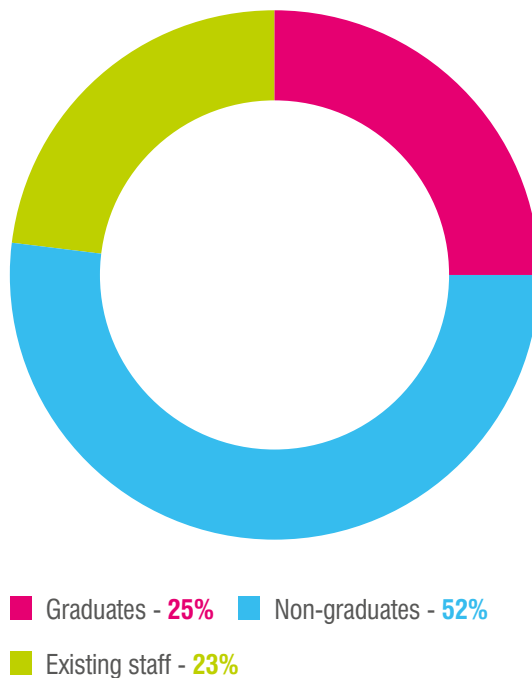
Almost all firms (98%) that recruit non-graduates are now enrolling some of their non-graduate hires on apprenticeships, with the overwhelming majority (79%) enrolling all of their non-graduates. Apprenticeships were also widely used with graduate hires to support graduate training and development programmes. In this survey 27% of firms reported that they were enrolling some of their graduates on apprenticeship programmes.

Most firms were able to give a more detailed breakdown of the number of graduates, non-graduates and existing staff that they were enrolling on apprenticeships. These firms reported that they had started, or were planning to start, 11,224 apprentices this year. Figure 2.3 shows how this cohort breaks down.

Figure 2.3

Total apprenticeship starts by type of staff

(based on responses from 141 employers)



³ Institute of Student Employers. (2019). *Stability, transparency, flexibility and employer ownership: Employer recommendations for improving the apprenticeship system*. London: ISE.

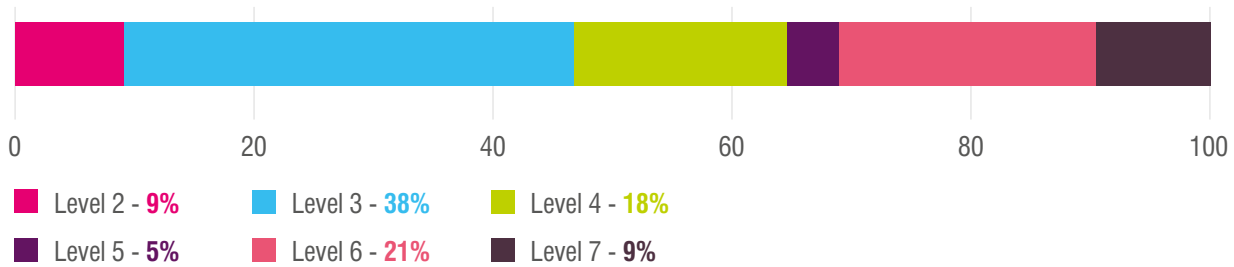
⁴ Institute of Student Employers. (2019). *Stability, transparency, flexibility and employer ownership: Employer recommendations for improving the apprenticeship system*. London: ISE.

⁵ Institute of Student Employers. (2018). *ISE annual student recruitment survey 2018*. London: ISE.

Firms reported that they were using their apprenticeship levy to support programmes at a wide range of levels. Figure 2.4 shows the average breakdown of levels.

Figure 2.4

Average breakdown of apprenticeship programmes by level (based on responses from 77 employers)

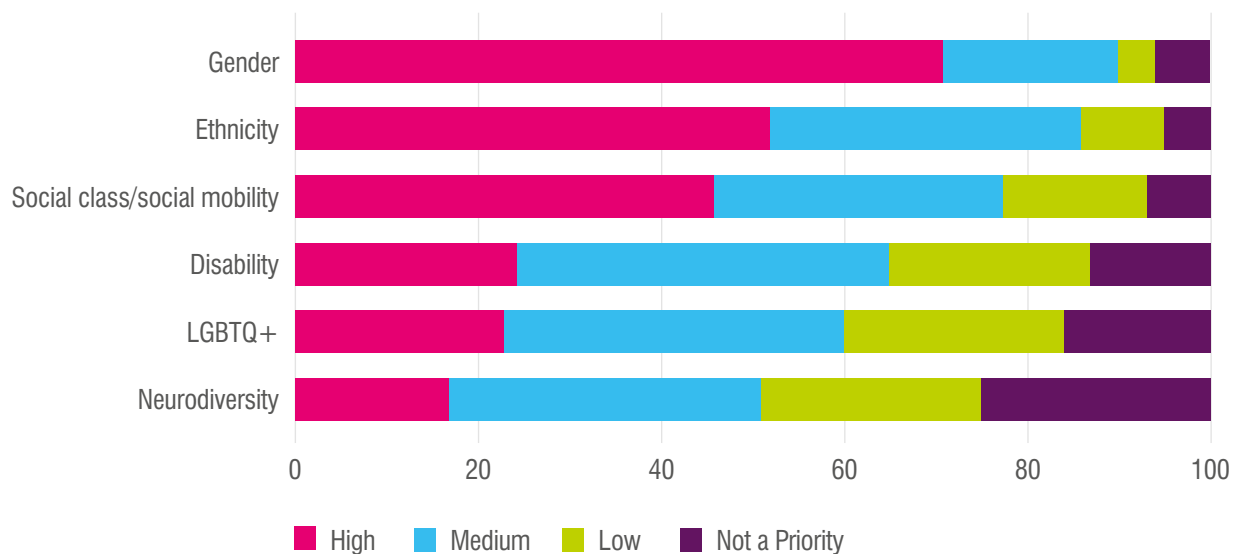


Diversity

A key aim of many organisations’ attraction and selection approaches was to ensure organisational diversity. Figure 2.5 sets out how organisations are prioritising various diversity strands.

Figure 2.5

Priority given by firms to different diversity characteristics (%)



Firms are, on average, giving a higher priority to all diversity issues than they were last year.⁵

Another factor that contributes to the diversity of firms is the number of non-UK staff that they recruit. However, most firms were focused on recruiting from the UK market exclusively, with only around 19% of firms actively recruiting international staff.

Firms gave a wide range of reasons for focusing on diversity. As one respondent wrote, their firm was focusing on diversity ‘because it’s the right thing to do with multiple benefits to all’. The strongest rationales that were driving the focus on diversity were the desire to secure the best talent (76%) and access new pools of talent (61%) as well as a desire to represent the diversity of the customers that the firm was dealing with (54%).



Firms are, on average, giving a higher priority to all diversity issues than they were last year.

Firms were asked to provide an estimate of the proportion of hires that had a variety of different diversity characteristics. Very few firms were able to do this across all of the categories that we asked about. As monitoring is an important first step in addressing diversity issues this may be an area where firms need to consider their practice further. Some employers confessed during interviews that at least some of the information was probably collected, but was too difficult for them to access to make operational use of.

As a result of these challenges of data collection it is important to read figure 2.6 carefully. In some cases, for example, the number of hires who attended a state school, firms are far more likely to be recording this if they fear that they have a problem. The figures are presented alongside comparison figures for the UK population and the higher education population to aid in their interpretation.

Figure 2.6

Proportion of hires by diversity characteristic compared to UK⁶ and HE⁷ averages

	Average proportion of hires	UK population average	Higher education average
Female	44	51	56
Black and minority ethnic (BAME)	24	14	25
Disability	5	18	14
LGBTQ+	8	2	4
Attended a state school	58	94	91
First generation graduate	37	NA	44
Free school meals	16	14	NA

In addition to the need for more rigorous monitoring, figure 2.6 also suggests that there are still a range of important diversity issues to address across the student labour market. The issue of disability is an area where hires look unrepresentative of the population and it is worth noting that this is also an area that firms are less likely to give a high priority to than other diversity strands.



Firms have a mental health policy

The overwhelming majority of firms (73%) also allocated a high priority to the mental wellbeing of their current staff with almost all of the rest giving it a medium priority. Seventy-eight per cent of firms reported that they have a mental wellbeing policy in their firm. A large minority (43%) are also now actively addressing mental wellbeing as part of their recruitment processes.

Firms were actively making a variety of changes to their recruitment processes to address diversity. Figure 2.7 shows how they were changing their attraction and marketing processes over the last year. Figure 2.8 shows how they were changing their recruitment and selection processes in the same period.

⁶ Data taken from the Office of National Statistics and UK Government.

⁷ Data taken from HESA and Advance HE. Where available student data is given for current first degree students.



“...
We are focusing
on diversity
because it's the
right thing to
do with multiple
benefits to all.

Figure 2.7

The proportion of firms who changed aspects of their attraction and marketing processes to address diversity

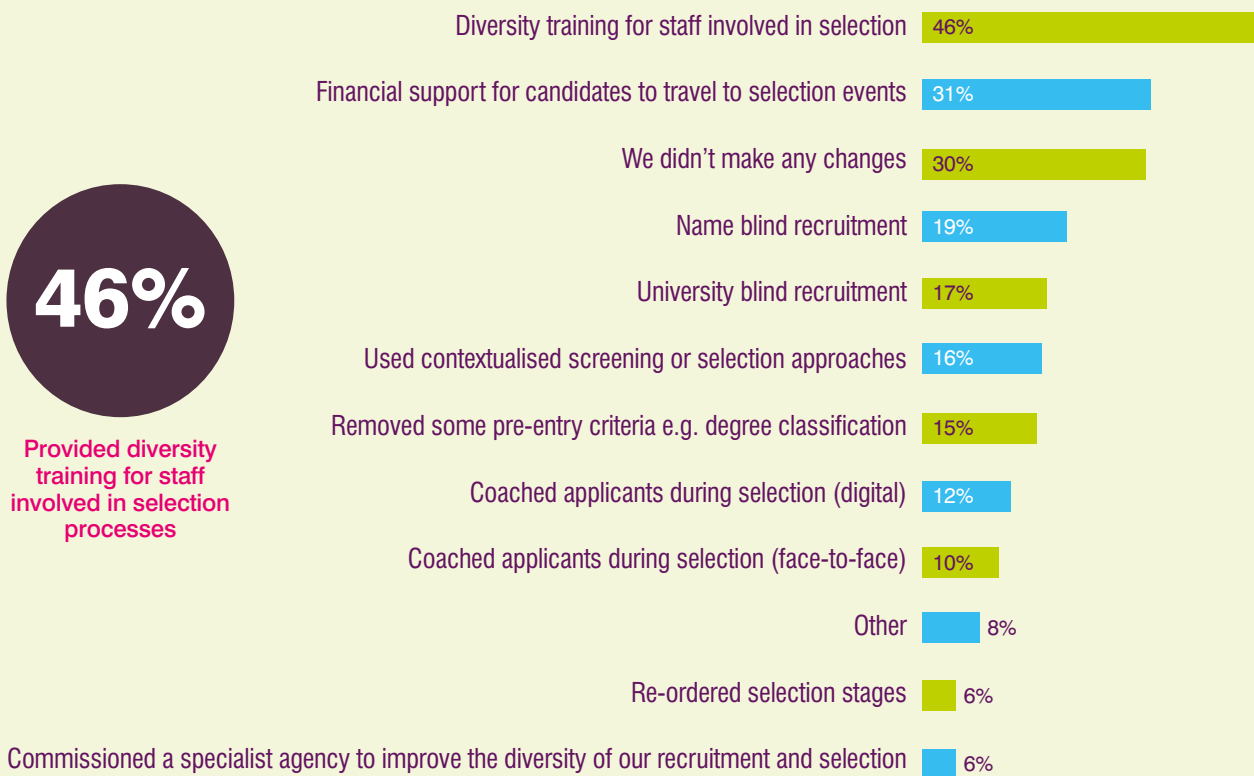
(based on responses from 128 employers)



Figure 2.8

The proportion of firms changing aspects of their recruitment and selection processes to address diversity

(based on responses from 124 employers)



“...
Firms were actively
making a variety
of changes to
their recruitment
processes to
address diversity



“...
“

This chapter explores graduate recruitment. It examines the volume of graduate recruitment and the roles that graduates hired for.

Graduate hires

3

Recruiting graduates

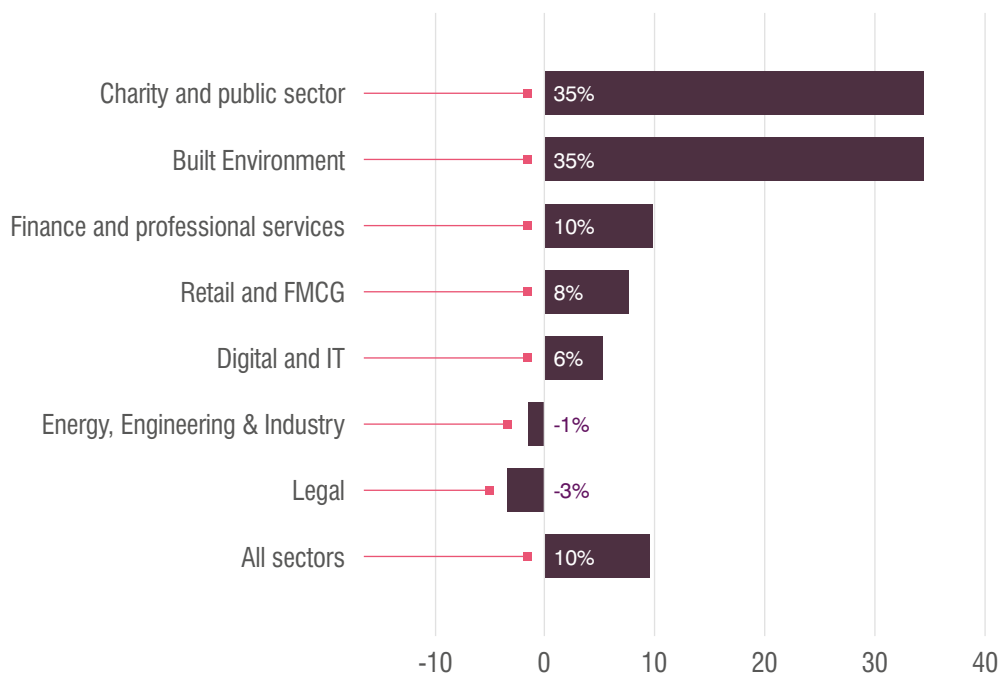
Graduate recruitment remains an extremely popular way for respondents to find the talent that they are looking for. Almost all (98%) of respondents hired graduates during the 2018/2019 recruitment season.

Volume of graduate recruitment

Overall the number of graduates that respondents recruited has increased by around 10% since last year. This kind of level of growth was common before 2008, but we have only seen growth above 10% on two other occasions since the recession. This suggests that in general the graduate market continues to be buoyant despite the uncertainty of Brexit. Figure 3.1 breaks the growth down by sector.

Figure 3.1

Percentage change in graduates hired by sector *(Based on the responses of 149 employers)*





56%

Of graduates were recruited to work in London and the South East

The large increase in the charity and public sector is interesting and is particularly driven by recruitment in education and policing. The built environment is the other sector that has seen a very substantial increase in the numbers of graduates it is recruiting. In contrast there are small declines in the number of graduate recruits in the legal and energy, engineering and industry sectors. However, in general the growth in graduate recruitment suggests that firms are cautious but optimistic.

Graduates were distributed around the country, but as figure 3.2 shows were strongly concentrated in London and the South East. Some employers with a national footprint highlighted the challenges of recruiting suitable candidates into more remote areas.

Figure 3.2
Distribution of graduates by region

Region	% of graduates
London	47
South East	9
South West	4
East of England	2
East Midlands	4
West Midlands	7
North West	6
Yorkshire and Humberside	5
North East	3
Scotland	7
Wales	1
Northern Ireland	1
Europe	2
Rest of the world	2

Roles

Graduate recruitment is used to fill a wider range of different kinds of roles. Respondents provided information on the roles that they were recruiting graduates for (see figure 3.3).

Respondents reported that they were usually able to find the quality of graduates that they needed. Most (58%) said that they were able to 'almost always' find the quality of graduates that they needed and a third (33%) said that they were 'often' able to find the quality of graduates that they want. Less than 1% reported that they were 'seldom' able to find the quality of graduates that they need.

Although the picture was generally positive, respondents reported that some occupations presented more challenges. So, 41% of respondents who were recruiting engineers highlighted these roles as being particularly difficult to recruit to, 39% IT (programming and development), 36% IT (general roles) and 35% technical and analytical roles. Some provided more detailed information about where the skills shortages were highlighting challenges in recruiting actuaries, electronic engineers, prison officers and quantity surveyors.

Figure 3.3

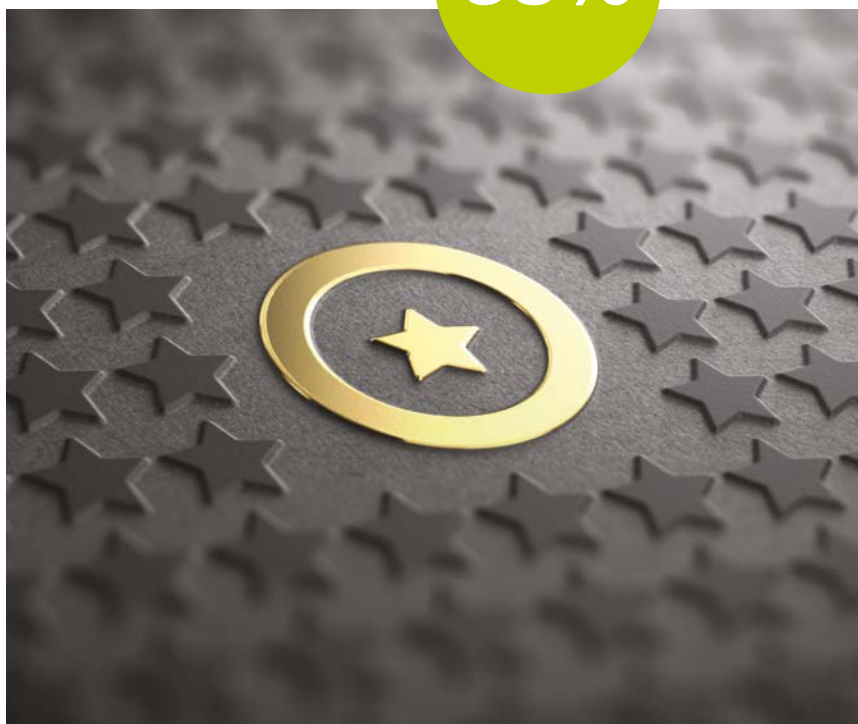
The proportion of employers recruiting graduates for different occupations *(Based on the responses of 146 employers).*



Firms said that they were 'almost always' able to recruit the quality of graduates that they want

58%

Respondents provided insights into why they thought that it was difficult to hire for the roles that they needed. The most common reason was not being able to find the skills that they needed (36% of employers), but other important reasons were that some of the roles were not appealing to candidates (31%) and difficulties in recruiting in remote areas, or even in areas outside of cities (31%). Some employers highlighted issues with attitude, motivation and personality (20%) and others reported that there were not enough candidates generally (19%). They were unlikely to raise issue associated with pay and conditions or applicants qualifications or work experience.





Non-graduate hires

4



This chapter examines the non-graduate entry level hires recruited by ISE members. It explores the level of non-graduate recruitment, the change in the volume since last year and looks at the roles that non-graduates are being recruited to fill

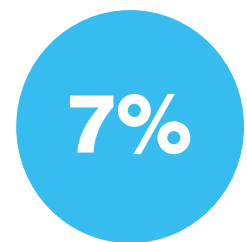
Recruiting non-graduates

While many of the ISE's members are rooted in graduate recruitment, in recent years we have seen an increasing interest in hiring entry-level non-graduates. A clear majority (68%) of firms reported that they recruited non-graduate entry-level hires in the 2018/2019 recruitment season.

Most (84%) of the non-graduate hires recruited by respondent are recruited direct from school or college. However, 12% come from another job and 4% from a period of unemployment.

Volume of non-graduates

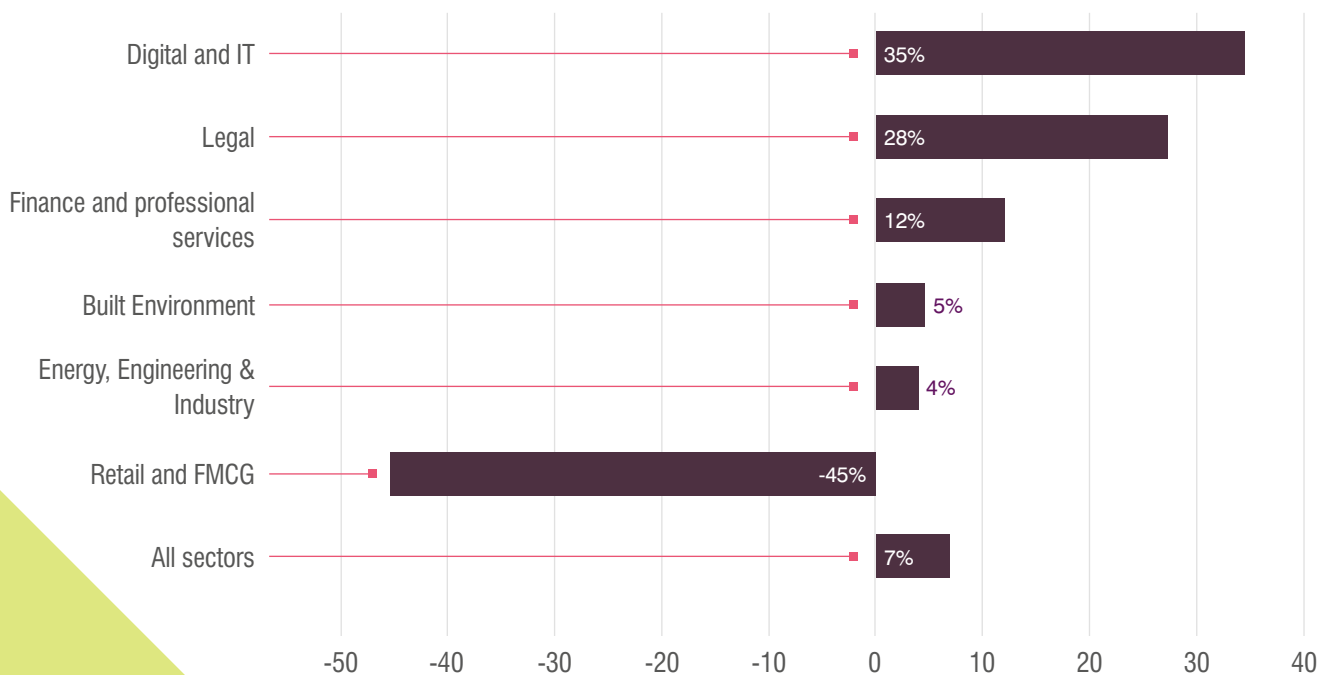
The number of non-graduate hires recruited by ISE members has risen by 7% since last year, but this overall rise masks a more varied picture in each of the sectors as can be seen in figure 4.1.



Increase in the number of non-graduates hired since last year

Figure 4.1

Percentage change in non-graduates hired by sector (Based on the responses of 84 employers)



While most sectors have increased the number of non-graduates that they have recruited this year, there has been a substantial fall in numbers within the retail and fast-moving consumer goods sector. This has been balanced by substantial increases in hiring in digital and IT and in the legal sector.

Non-graduate hires are distributed across the country with some concentration in London and the South East.

Figure 4.2
Distribution of non-graduates by region

Region	% of non-graduates
London	26
South East	13
South West	7
East of England	3
East Midlands	5
West Midlands	10
North West	8
Yorkshire and Humberside	4
North East	4
Scotland	5
Wales	5
Northern Ireland	4
Europe	5
Rest of the world	1



of non-graduates
 are recruited to work
 in London and and
 South East

Roles

Firms are hiring non-graduates to do a wide range of different things. Figure 4.3 shows the proportion of firms who are recruiting non-graduates for different occupations.

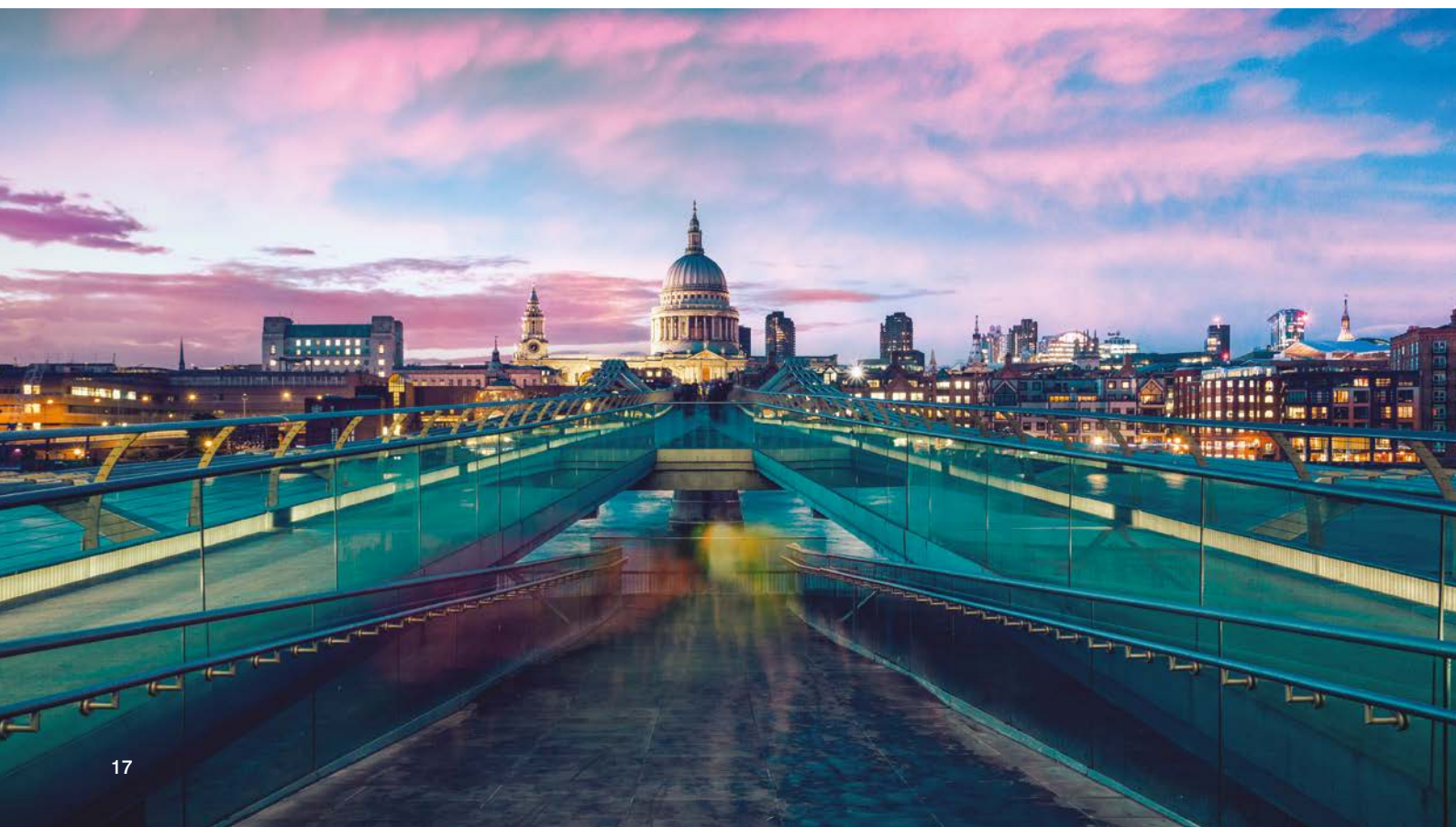
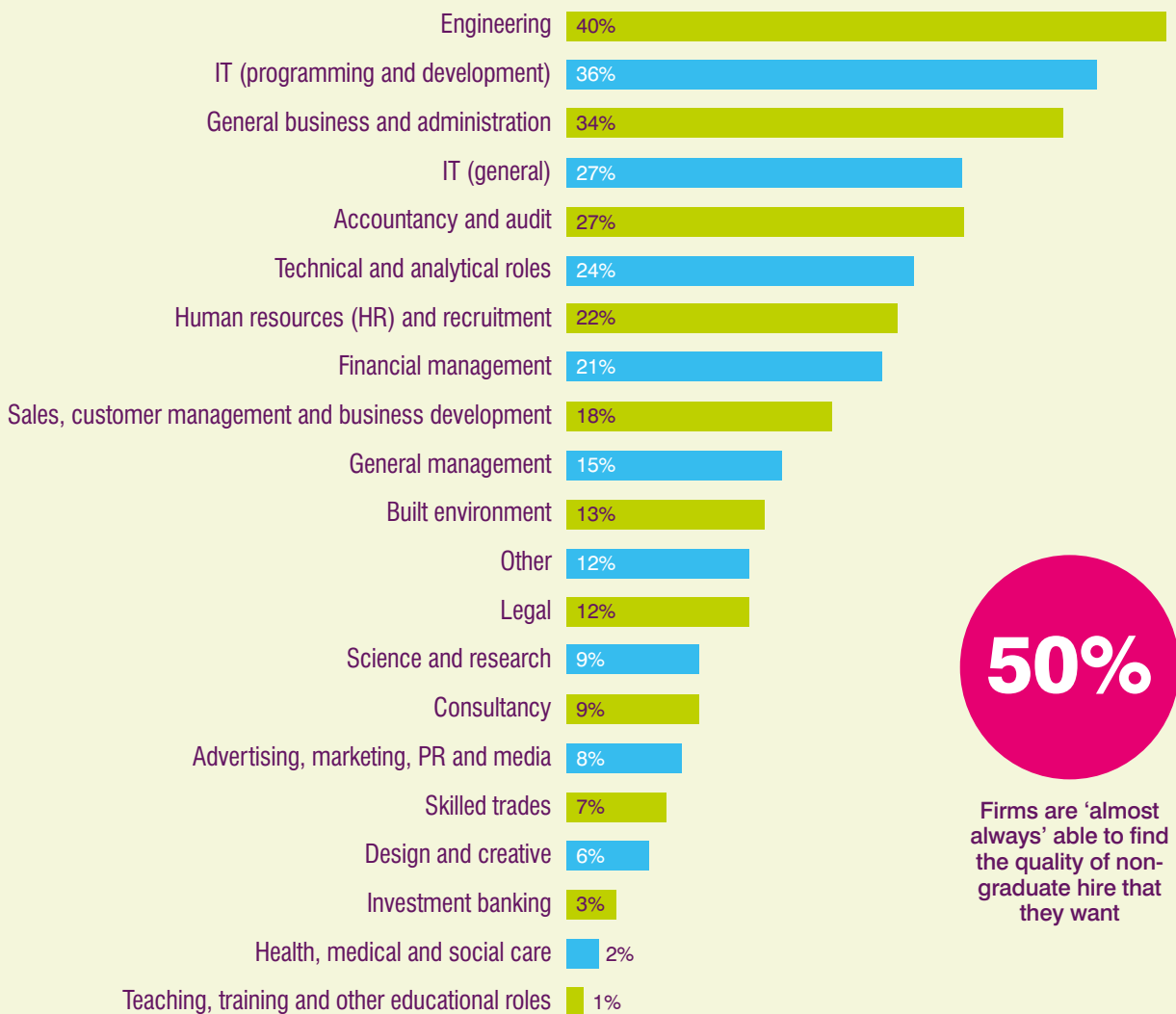


Figure 4.3

The proportion of employers recruiting non-graduates for different occupations *(Based on the responses of 89 employers).*



Firms are 'almost always' able to find the quality of non-graduate hire that they want

In general, the biggest demand is for engineering, IT and technical occupations but there is also evidence that non-graduates are being used widely across a range of occupations.

Around half of firms (50%) said that they were 'almost always' able to find the quality of non-graduate hire that they wanted. A further third (31%) said that they were 'often' able to find the right quality hire. Only a small proportion (4%) said that they were seldom able to find the right quality candidates.

Respondents highlighted a range of areas that they found it difficult to recruit suitable non-graduates into. These included engineering where 33% of those recruiting found it difficult to find the right candidates, IT (programming) (31%), technical and analytical roles (29%), accountancy (29%) and the built environment, sales, customer management and business development and science and research where, in each case a quarter (25%) of firms reported that they found it difficult to recruit. Some provided more detailed information about where the skills shortages were highlighting challenges in recruiting actuaries, logistics, information security and tanker drivers.

Respondents provided insights into why they found it difficult to recruit to some roles. A third (33%) said that it was because potential hires were not interested in the kind of work that they had available, with 22% saying that this resulted in a low number of applications and 16% highlighting the lack of necessary skills for these jobs, while 15% reported that there were issues in finding the right kinds of personality, attitudes and motivation. Additional commentary highlighted issues of geography and challenges in targeting the right students. Others highlighted a lack of career guidance and the relatively poor perception of apprenticeships in contrast to higher education.

Interns and placement students

5

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This chapter looks at two types of short-term and temporary hires recruited by ISE members. Interns who are generally recruited for around three months often during a vacation. Placement students are often recruited as part of a gap or placement year. The chapter explores changes in the volume of hires and the value of doing an internship or placement.

Volume of internships and placements

Respondents provided information on the interns and placement students that they had hired. We define 'interns' as short term (less than six months), temporary hires. A typical intern might be a student who is recruited for a summer vacation. We define 'placement students' as longer term (typically six months to a year) temporary hires. A typical placement student might be a student who works as part of a sandwich degree, year in industry or gap year.

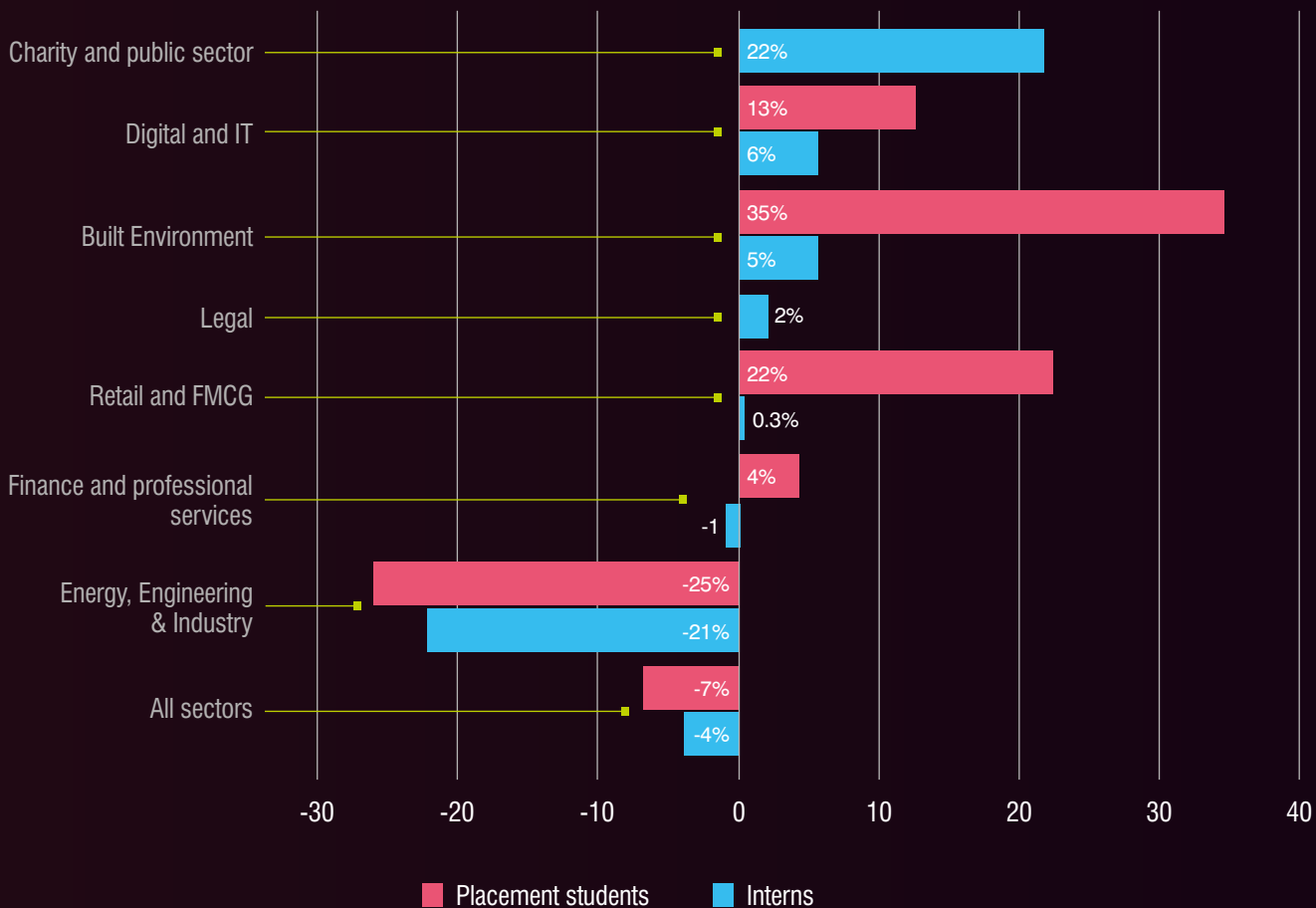
Around 70% of respondents reported that they hired interns and 54% reported that they hired placement students. However, they also reported that they were hiring less interns and placement students on average than last year. The overall number has fallen by 4% for interns and 7% for placement student with some important sectoral variations as can be seen in figure 5.1.



Firms hired interns

Figure 5.1

Percentage change in interns and placement students hired in comparison with last year by sector



The fall in both interns and placement students in the energy, engineering and industry sector is driving most of the industry wide decline in interns and placement students.

Value of internships and placements

These short-term and temporary hires are important routes into graduate jobs. Respondents report that they recruited an average of 47% of their interns and 44% of their placement students into graduate jobs in subsequent years.

Attraction

6



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This chapter explores how firms attract students to want to work for them. Students have multiple options when they enter the labour market and so employers need to develop a strategy to raise their awareness of the opportunities that exist. This involves the development of a marketing strategy and the development of a closer relationship with the education system.

Volume of applications

The average (median) firm received over 2000 applications for graduate positions and around 1000 for non-graduate positions and internships. When we relate this to the number of vacancies that employers were advertising we get a clearer idea of the level of demand. The average (median) number of applications per hire received during the 2018/2019 season was 50 for graduates, 20 for non-graduates and 33 for interns.

For graduates this an increase on last year and similar to what firms were last receiving in 2015 (in relation to graduates).⁸ Figure 6.1 breaks this down by sector based on the number of applications that were received by different sectors.



Applications for every graduate job

Figure 6.1

Average (median) number of applications per hire by sector

Sector	Graduates	Non-graduates	Interns	Placement
Retail and FMCG	67	13	63	40
Legal	53	33	23	100
Finance and professional services	51	21	43	53
Energy, Engineering & Industry	51	20	35	43
Digital and IT	40	18	29	27
Built Environment	22	14	17	28
Charity and public sector	18	NA	50	NA
All sectors	50	20	33	40

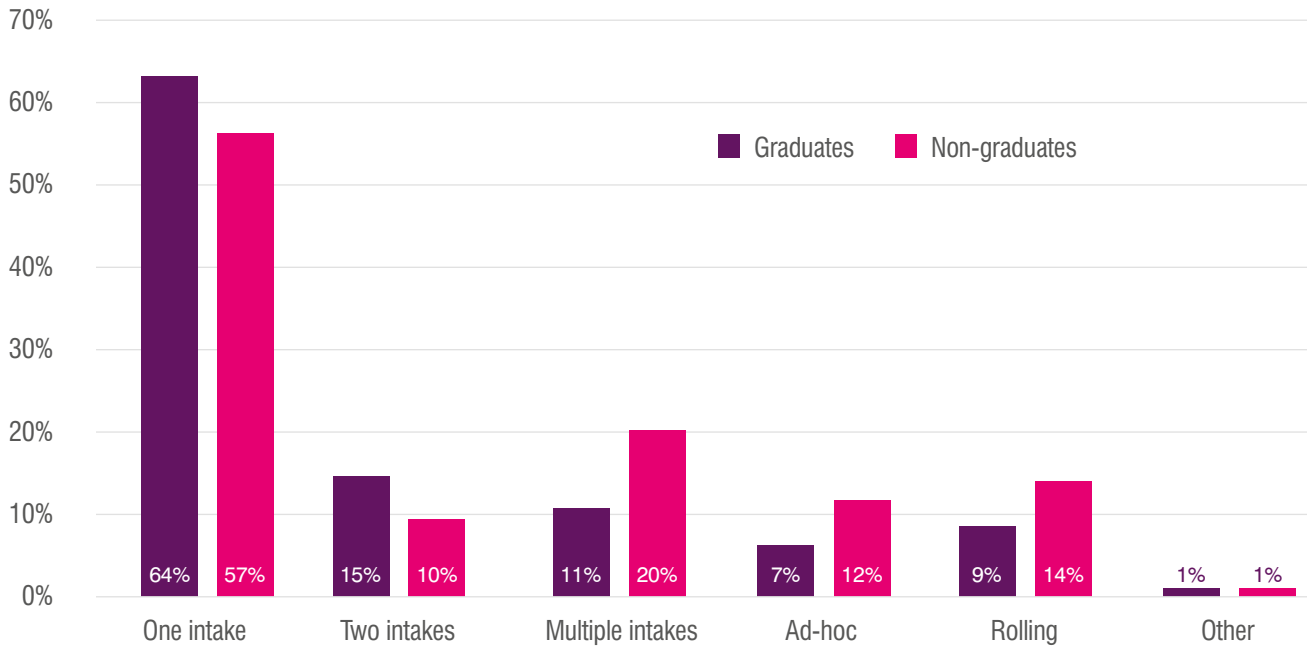
Figure 6.1 provides us with a good measure of the relative popularity of different sectors amongst students. The retail and fast-moving consumer goods sector is the most popular this year for graduate applications, but in relation to graduate vacancies most sectors are fairly close to the average (around 50 applications per vacancy). For graduates it is organisations within the built environment and charity and public sectors that are finding it more difficult to attract candidates with both of these sectors receiving less than half the median. Retail is also popular as a destination for interns, while the legal sector is the most popular for placement students. For non-graduate hires the legal sector reports attracting the most applications per hire.

⁸ Hooley, T. (2019). Know your mean from your median. *The Student Employer*, 6, 15.

Recruitment campaigns

Most firms run a structured recruitment campaign based around one intake of new hires a year. Figure 6.2 shows that a minority of firms took alternative or additional approaches, recruiting two or more intakes or organising rolling or ad hoc programmes of recruitment. Alternative approaches were more common with non-graduate hires than with graduates.

Figure 6.2
The organisation of student marketing and attraction campaigns



The recruitment campaigns largely followed a fairly standard pattern. October-December was the most popular time to open campaigns and January-March was the most popular time to close them. For graduates the most offers were made between January-March while for non-graduates the most offers were made during the summer (see figure 6.3).

Figure 6.3
Proportion of campaigns opening, closing and making the most offers across the year

Graduates				
	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sept
Opened	81%	7%	4%	19%
Closed	28%	60%	18%	11%
Most offers	16%	33%	31%	22%
Non-graduates				
	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sept
Opened	56%	35%	19%	11%
Closed	14%	42%	46%	17%
Most offers	7%	25%	26%	41%



Firms used a wide range of different approaches to attract candidates. Figure 6.4 shows the approaches that were employed by firms, with the first column showing the approaches that were most likely to be identified as being effective in attracting applications and the subsequent two columns showing what firms are using with graduates and non-graduates.

Figure 6.4
Approaches used by firms to attract candidates

	% saying that this was most effective	% using with graduates	% using with non-graduates
Visits to universities	58	91	N/A
External job boards	56	85	69
Company website	54	95	84
Social media marketing	44	88	83
Insight/open days	33	57	52
Visits to schools and colleges	26	N/A	77
Via your existing staff	21	53	57
Campus rep/ambassadors	16	42	18
Managing your presence on ratings sites e.g. Glassdoor or Rate My Placement	13	47	44
Printed materials	11	72	63
Used an apprenticeship training provider to do the recruitment	7	1	38
Outsourced to a specialist recruitment company	6	13	15
Other	3	2	2

The findings suggest that there are a range of effective ways to engage candidates. However, there are some important areas which firms are spending time on but which they are not very likely to view as effective, notably the production of printed material and the active management of a firm's presence on rating sites.

58%

Report that actually visiting universities is one of the most effective ways to attract graduates

Working with education

One of the key ways that firms attracted candidates was by working with educational organisations. On average firms reported that they were working with 26 schools, 5 further education colleges and 23 universities. Some also highlighted that they were using local councils, careers fairs and other mechanisms to access multiple institutions simultaneously.

Respondents provided insights into the approaches that they were using to work with educational institutions as well as the approaches that they felt were effective in terms of generating candidates. Figure 6.5 sets out the proportions of employers who report that different approaches are effective with universities and with schools, as well as those who report that these are approaches that they are using.



Average number of universities that firms are working with

Figure 6.5
Approaches used by firms to work with educational organisations

	% reporting that this was an effective way to work with universities	% reporting that they were working with universities in this way	% reporting that this was an effective way to work with schools and colleges	% reporting that they were working with schools and colleges in this way
Attending careers fairs	60	90	44	55
Giving employer talks and workshops	52	72	64	56
Sending targeted emails to students	29	53	10	16
Providing careers information and resources	22	57	19	42
Providing work experience opportunities	19	24	23	27
Running mock assessment centres	11	25	13	14
Sponsoring career events and activities	11	26	7	9
Supporting student societies/extra-curricular clubs	11	30	1	4
Sending marketing materials	10	42	12	34
Contributing to the academic/subject based curriculum	8	20	2	4
Running webinars and/or virtual presentations	7	22	3	9
Running business games and enterprise competitions	6	17	8	11
Providing insights and training for staff in the educational institutions to help them to understand your sector/organisation	5	14	8	19
Other	5	4	3	3
Providing blogs and web content	2	17	0	4
We didn't work with universities	0	4	0	0
We didn't work with schools and colleges	0	0	0	23



64%

Firms say that giving talks and workshops is an effective way to work with schools

Firms are balancing their ability to participate in more intensive forms of work with educational institutions and students, with the need for efficiency. Some respondents provided further insights into this tension.

We don't have the capacity to work with individual schools, so how do we get in front of lots of students at one time?

The cost of attending careers fairs is prohibitive especially considering the difficulties of speaking to the right students.

They also described some of the challenges of working into education.

It can be difficult to engage with schools and universities. All are run differently! Also schools are overrun with work that trying to talk to schools can be difficult. The curriculum takes up so much time!

Others highlighted the importance of their interventions into education building on a wider career education programme to support students to make career decisions and effectively transition into the workplace.

Understanding of career opportunities needs to be more firmly built into each school's activities with a clear point of contact and a willingness to collaborate on the activity to suit everyone's needs.

Selection

7

“...

This chapter explores how firms decide who it is that they will actually hire. It examines the overall approach that they take, their timescales and goes on to look at the minimum requirements that they set and the tools that they use to make the selection.

Approach to selection

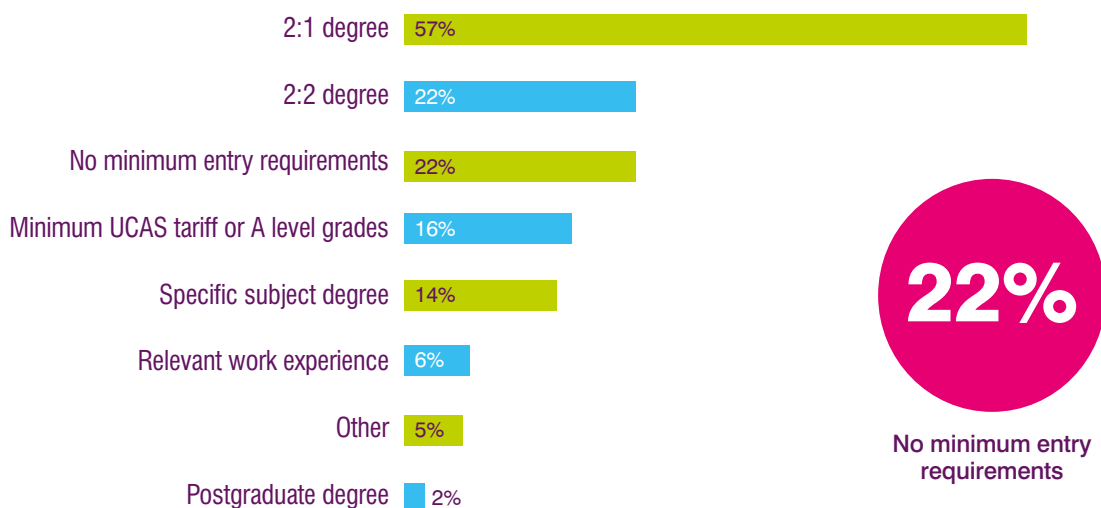
Making a good (and defensible) decision about who to hire is one of the key challenges of recruitment. There are a range of different approaches that employers can use as well as a range of different tools. Respondents described their overall approach to selection in a variety of ways. The overwhelming majority (76%) viewed their process as 'competency based', while half (50%) saw it as 'strengths based', and large minorities viewed it as 'values based' (40%) or based around the identification of particular technical skills (38%). The fact that 69% of the firms described themselves as adhering to two or more of these approaches suggests that selection approaches that employers are using are complex and pragmatic and that relatively few adhere to 'purist' approaches. For candidates this is likely to mean that they will need to prepare for a range of different types of selection approach.

Minimum requirements

One of the key selection decisions that employers make relates to the setting of minimum requirements. For graduates, employers adopted a range of different minimum requirements.

Figure 7.1

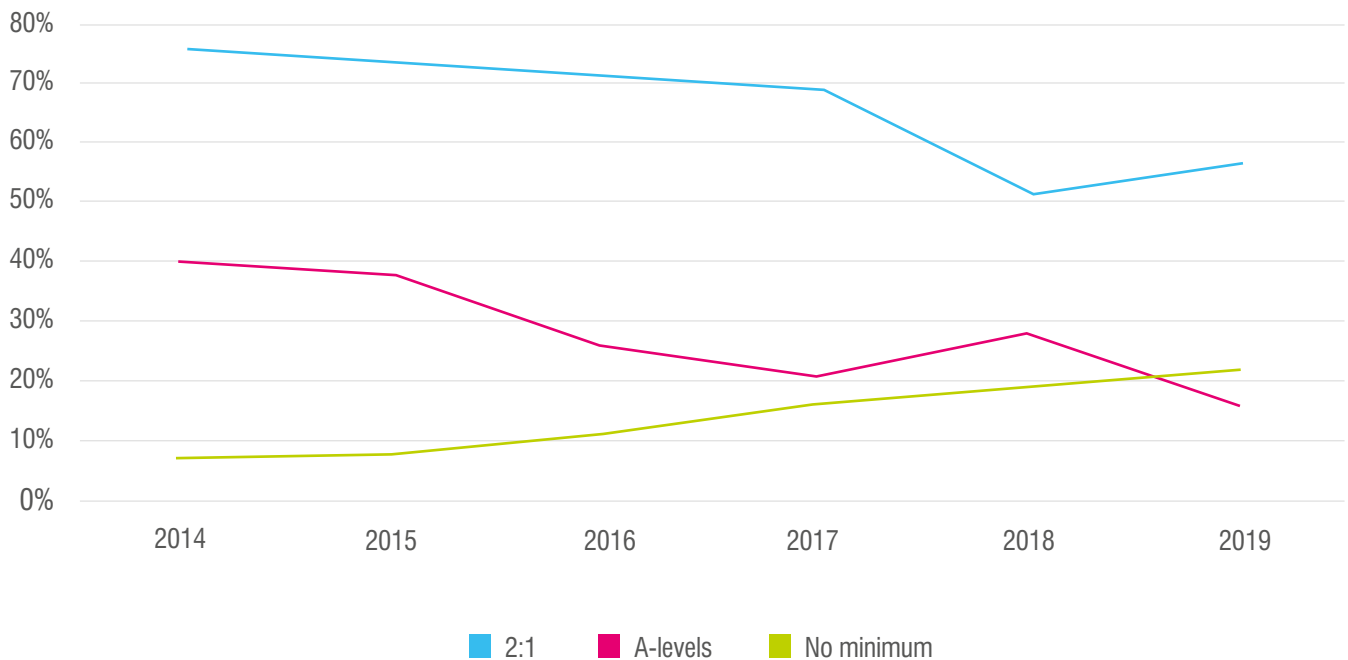
Minimum requirements for graduate hires (Based on responses from 148 employers)



There has been a slight increase in the proportion requiring 2:1s from last year, but this has offset by a reduction in the number using A levels. The steady increase in the proportion of employers who are no longer setting minimum entry requirements for graduates continues. Figure 7.2 sets out how the relative popularity of these different approaches has changed over the last few years.⁹



Figure 7.2
The proportion of employers using educational qualifications as minimum requirements 2014-2019



It is also worth noting that only 14% of respondents are seeking a qualification in a particular subject and only 2% are using postgraduate qualifications as a minimum requirement. Employers limited interest in postgraduate qualifications was also shown by the fact that only 13% reported targeting postgraduate students and only 9% reported paying them a higher starting salary.

There appears to be a trend away from relying on universities and the wider education system to act as the first stage in a selection process. It is important not to overstate this trend, employers do still care about qualifications and more than half are still using 2:1s as an entry requirement. But, concerns about whether relying on pre-existing grades raises diversity issues as well as a sense that educational grades may be too broad brush to successfully identify the candidates that employers are actually looking for means that the trend of setting no minimum requirements has been steadily increasing over the last few years. This has been aided by the growing sophistication and efficiency of employers' own selection tools which make it less necessary to exclude candidates based on educational performance when you can use an automated, bespoke selection system with as large a pool of candidates as you can attract. Given this, it is useful to now move to look at the selection tools that are being used by employers.

⁹ Hooley, T. (2019). Why employers don't care about qualifications. Retrieved from <https://www.hepi.ac.uk/2019/08/14/why-employers-dont-care-about-qualifications/>.



Selection tools

Respondents were using a wide range of tools to identify the right candidates to hire. Figure 7.3 shows which tools they felt were most effective in identifying the right candidate as well as reporting which tools they were using with graduates and non-graduates.

Figure 7.3

Tools used by firms to select candidates for hire

	% reporting that this was an effective way to select the right candidate	% using this approach with graduates	% using this approach with non-graduates
Assessment centres	90	94	80
Face-to-face final stage interviews	33	57	57
Psychometric tests	24	59	40
Video interviews	24	47	31
Face-to-face first stage interviews	20	30	32
Online applications	19	81	70
CV screening	16	56	54
Case studies	13	31	14
Phone interviews	10	30	36
Role play activities	8	19	13
Group presentations	7	29	23
Gamified assessments	3	10	6
Virtual reality assessments	2	4	0
Email inbox exercises	1	9	6

Figure 7.3 shows that there is still a high degree of consensus amongst employers that assessment centers are the most reliable way to find the right candidate for hire.

Around a quarter of respondents reported that psychometric assessments were one of the best ways to identify the right candidates. When we dig into these assessments further there are a range of different tests being used with the most popular being numerical reasoning (64%), verbal reasoning (47%), situational judgement (46%) and critical reasoning (25%). Less commonly used were personality tests (18%) and abstract or spatial reasoning tests (15%). Most employers who were using psychometric tests were using more than one test with two as the average number of tests in a battery.

The background of the entire page is a dense, overlapping field of red coins, likely South African Rand coins, creating a textured, metallic appearance. The coins are slightly out of focus, with some in sharp view showing intricate designs and text.

Hiring

8

““...

This chapter explores how employers went about actually hiring their new staff following the selection process. It examines the process that is used to fill vacancies and looks at the package that employers offer in terms of salary and wider benefits.

Filling vacancies

Employers anticipated that they would fill an average of 96% of their graduate vacancies and 94% of their non-graduate vacancies.

They reported that graduates accepted an average of 84% of the offers that they were given and that non-graduates accepted 92%. Figure 8.1 shows the range of responses that employers reported to job offers.

Figure 8.1
Average responses to a job offer



Firms reported that it took 11 weeks on average between a candidate’s initial application and a job offer. It then took an average of 40 weeks between a job offer being made and the candidate actually starting work.

Salary

The average (median) graduate salary was reported as £29,000 while the average non-graduate salary was reported to be £17,417. Interns and placement students were both offered an average salary of £19,000. The pattern of graduates earning more than non-graduates holds across all of the analysis in this report. Figure 8.2 shows how this breaks down by sector.

Figure 8.2
Median salary by sector

Sector	Graduates	Non-graduates	Interns	Placements
Legal	£40,000	£17,000	£21,431	£20,750
Finance and professional services	£30,125	£19,000	£21,500	£21,000
Digital and IT	£30,000	£18,250	£19,000	£19,000
Energy, Engineering & Industry	£27,500	£14,750	£17,500	£18,000
Retail and FMCG	£27,000	£16,000	£17,750	£18,000
Built Environment	£26,900	£18,050	£19,500	£19,000
Charity and public sector	£25,000	NA	£19,890	NA
All sectors	£29,000	£17,417	£19,000	£19,000

Graduates in the legal, financial and professional services and digital and IT sectors were the best paid. While for non-graduates the finance and professional services, digital and IT and built environment sectors are the best paid. However, it is important to recognise that different sectors may take non-graduates at different ages and levels of qualification. Intern and placement salaries are much more consistent with most closely related to the overall median salary for that type of hire.

Almost half of employers report that they vary the salary that they offer by region (43% for graduates, 45% for non-graduates). Figure 8.3 sets out the median salaries reported in each of the regions.

Figure 8.3
Median salary by region

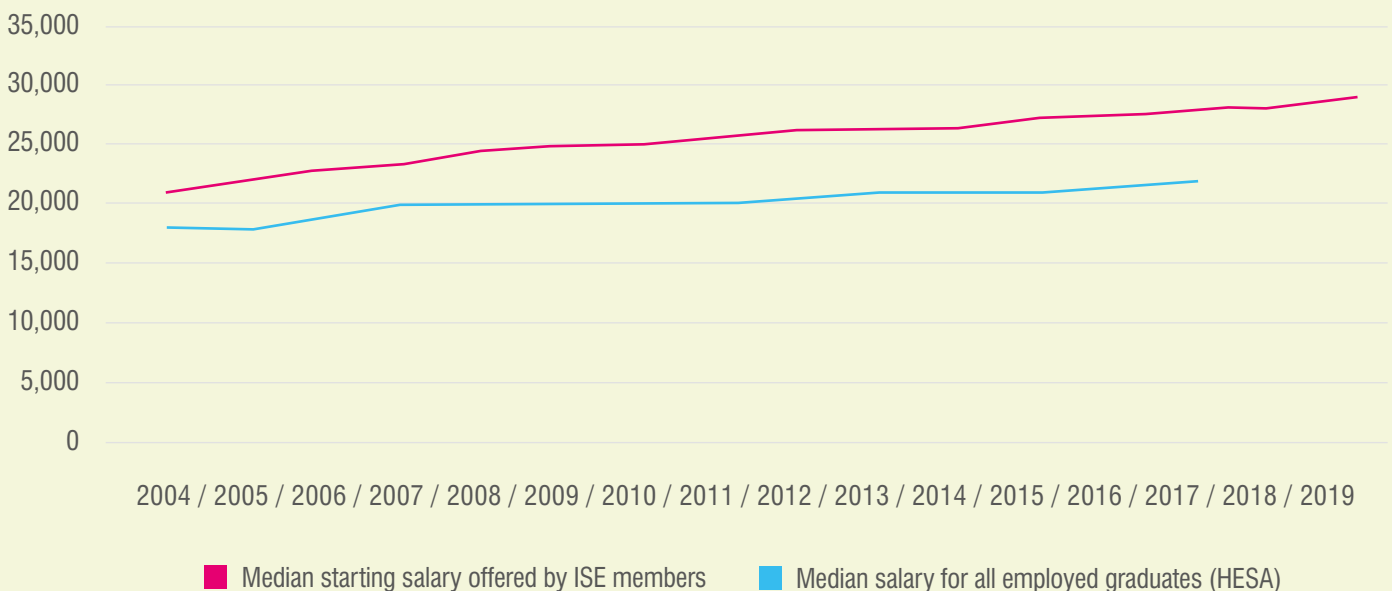
£7,500

How much more the average employer pays graduates in London (best paid) than in Northern Ireland (worst paid)

Region	Graduates	Non-graduates
London	£30,500	£19,925
Europe	£27,567	NA
Rest of the world	£27,250	NA
South East	£26,500	£18,000
East of England	£26,387	£17,000
Yorkshire and Humberside	£26,000	£16,850
West Midlands	£25,779	£16,750
East Midlands	£25,558	£16,500
Wales	£25,558	£14,500
South West	£25,500	£17,009
North West	£25,000	£16,625
North East	£25,000	£17,000
Scotland	£25,000	£17,584
Northern Ireland	£23,000	£18,800

In assessing the graduate salaries offered by our respondents it is important to think about how they compare both to graduate salaries in previous years and to the average graduate salary. Figure 8.4 uses data from previous ISE research¹⁰ and data collected by the Higher Education Statistics Agency which provides insights into the average (median) graduate salary.

Figure 8.4
Graduate salaries over time

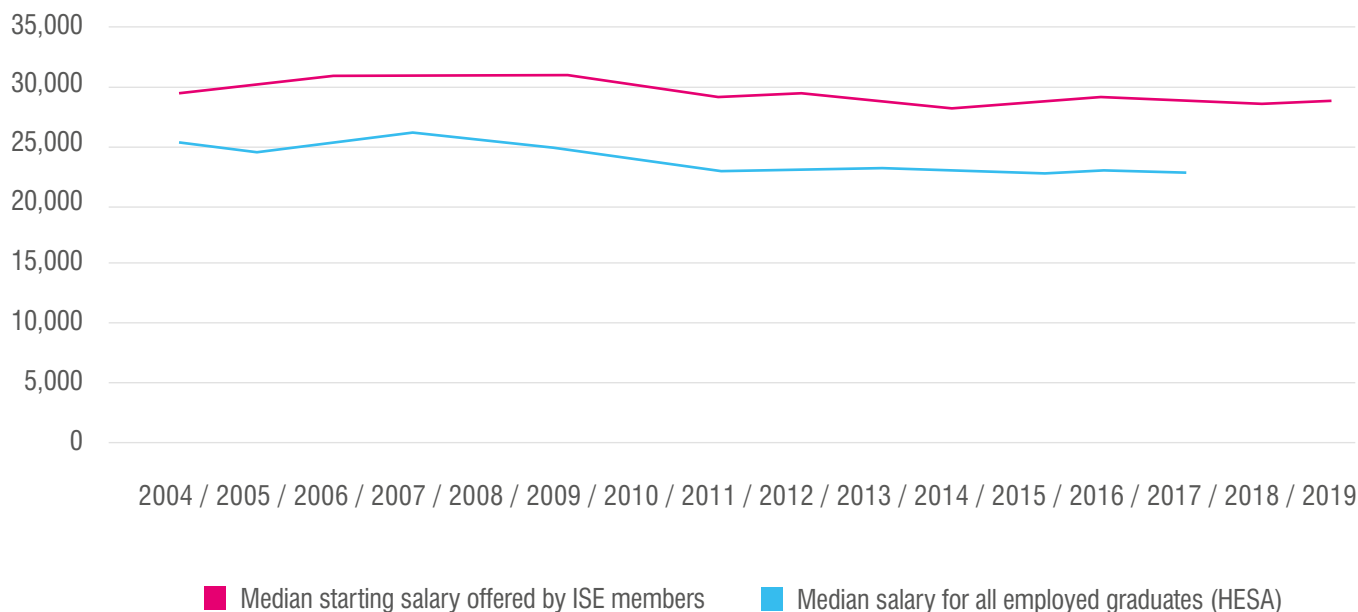


From this figure we can see that the salaries offered by respondents to the ISE survey have consistently outstripped the average graduate salary. It also shows that graduate salaries have steadily gone up since 2004 (for example there has been a £750 rise in the median since last year). However, when we index these salaries to the Consumer Price Index¹¹ to allow us to compare historic amounts with today's money, graduate salaries look much more stagnant.

£750

Increase in average starting salary offered since last year

Figure 8.5
Graduate salaries indexed to the Consumer Price Index



By looking at graduate salaries in today's money we can see that starting salaries now buy you less than they did in 2008 before the crash. The average graduate is over £3000 worse off in real terms than they were before the crash, while the average ISE member is now offering about £2000 less in real terms. It is still not clear that salaries are going to recover to pre-crash levels and this is likely to be endangered further if there is another recession.

Wider pay and conditions

In addition to the salaries that they offer respondents also provided details of the wider working conditions and employee benefits that they offer. Most firms reported that they employ graduates on a permanent contract with only 22% of firms reporting that they put most or all of their graduate hires on a fixed term contract. Non-graduate hires were far more likely to be put on a fixed-term contract with 46% of firms reporting that they put most or all of their non-graduate hires on a fixed-term contract.

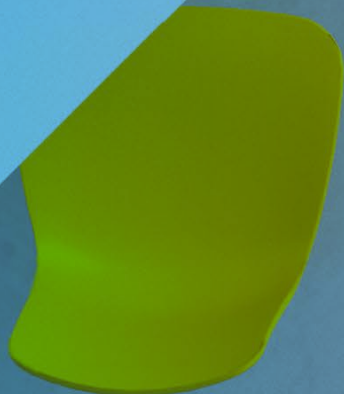
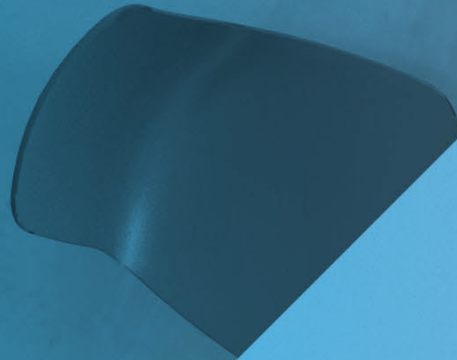
The overwhelming majority of firms include a pension scheme as part of their graduate (86%) and non-graduate (93%) package and over half (56% graduates, 51% non-graduates) offer private healthcare. Other perks included gym membership (28% graduates, 20% non-graduates), a sign on bonus (23% graduates, 4% non-graduates), a relocation bonus (14% graduates, 6% non-graduates) and the availability of loans at advantageous rates (12% graduates, 9% non-graduates). In addition, there were a range of other perks available often related to the business e.g. free banking, company cars, free travel and discounts on business services. Other firms offered flexi-time schemes, commission and bonus schemes, death in service schemes, company cars, free phones and share options.

¹⁰ See <https://ise.org.uk/page/ISEPublications> to access all ISE research reports.

¹¹ Office for National Statistics. (2019). CPI index 00. Retrieved from <https://www.ons.gov.uk/economy/inflationandpriceindices/timeseries/d7bt/mm23>.

Looking forwards

9





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This final section explores how student recruiters are feeling about the future. It examines areas where employers feel that there are likely to be increased challenges in recruiting as well as looking at their wider thinking about what might impact on the student recruitment market more generally.

The future

The future of the economy and the labour market is famously difficult to predict. Very few businesses or economists saw the crash of 2007-2008 coming. Similarly, many commentators have been suggesting that the economy will go into recession for the last few years. So far they have been proved wrong.

Student recruiters offer a sensitive indicator of businesses confidence about the future. If you are concerned about the future it is easy to scale down recruitment. So far, we have not seen this happening and we have now enjoyed three years of accelerating growth.

While we cannot predict what will happen next we did ask our members to look five years in to the future to provide some further insights.



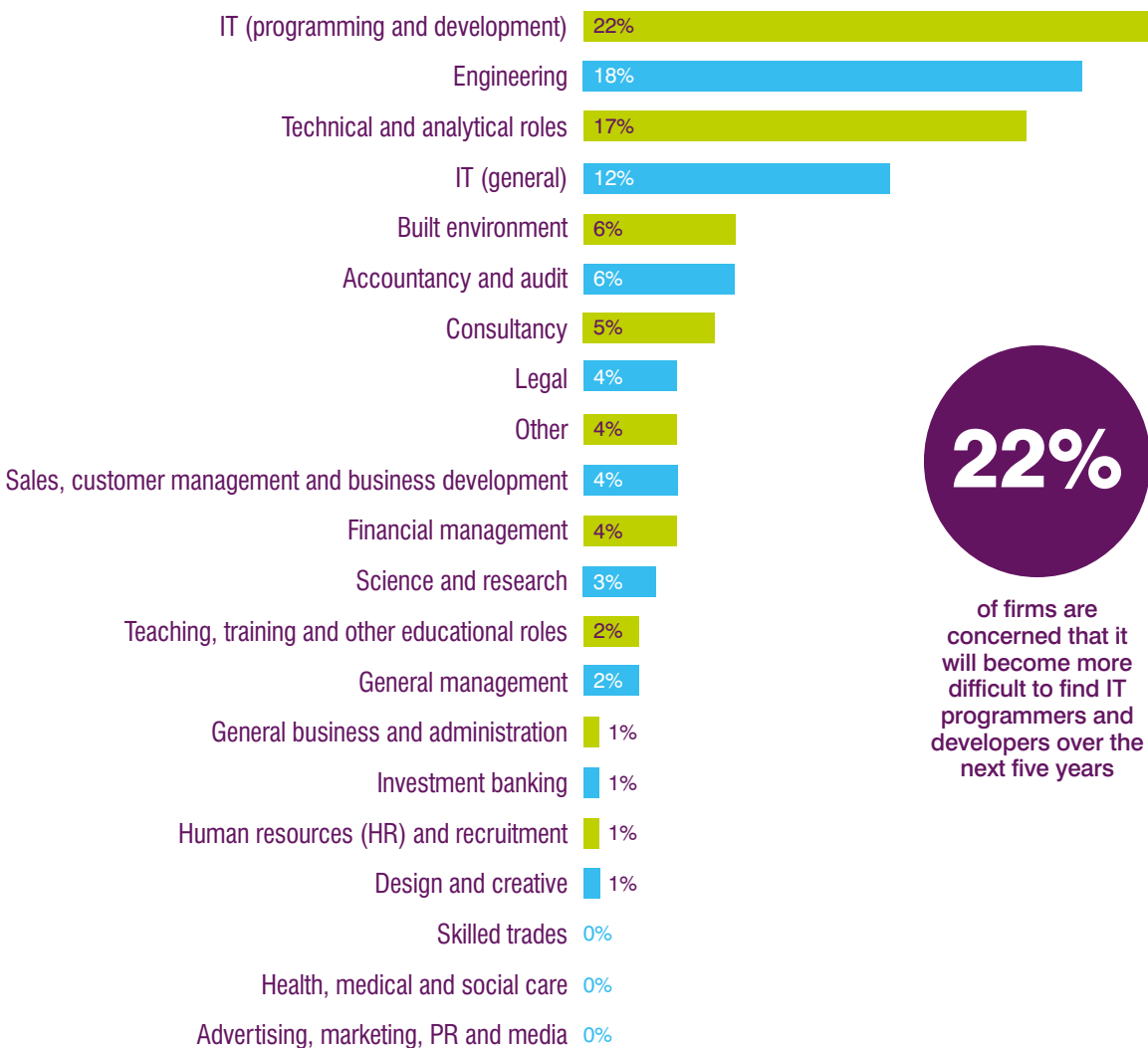
Filling challenging roles

Looking forwards some employers were concerned that recruiting particular occupations would become harder over the next five years. These concerns were generally focused around more technical, and STEM (science, technology, engineering and maths) -related occupations.

Figure 9.1

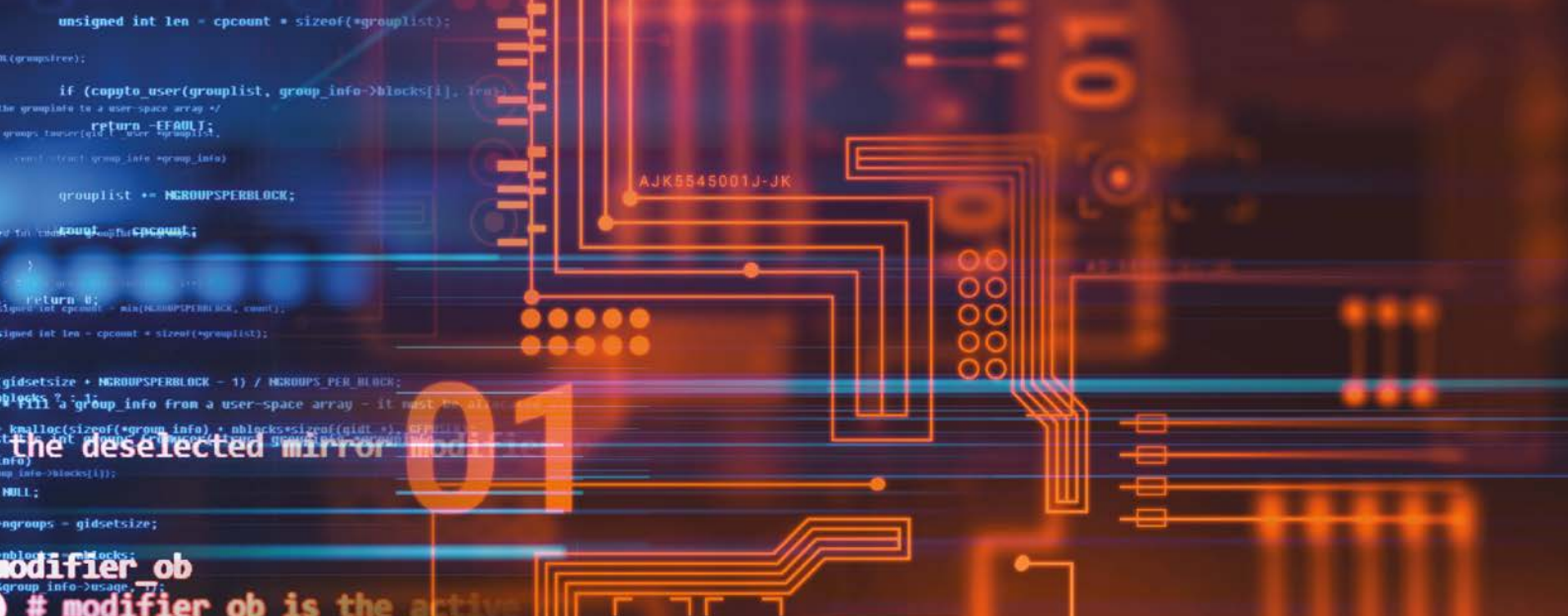
Occupations that employers anticipate will become harder to recruit over the next five years

(based on responses from 139 employers)



22%

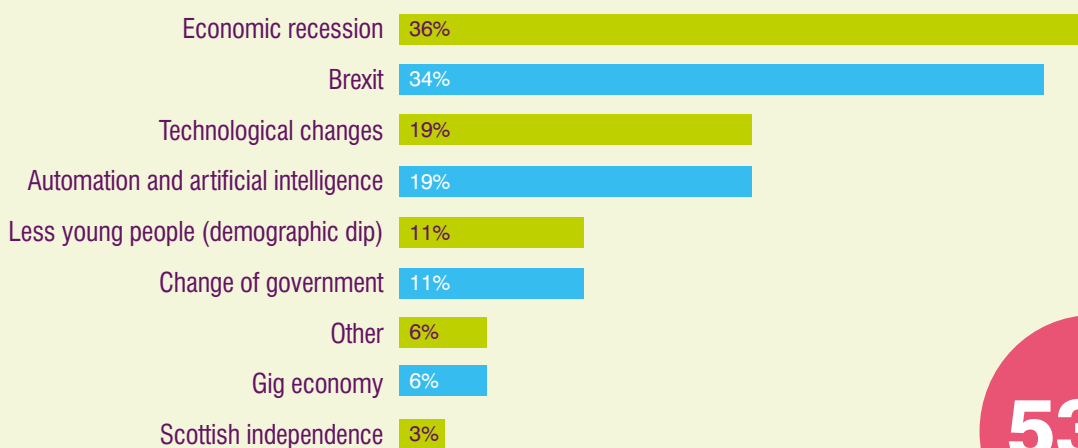
of firms are concerned that it will become more difficult to find IT programmers and developers over the next five years



Concerns about the wider environment

Some employers were concerned about wider social, political and economic trends and their impact on the student recruitment market. Figure 9.2 sets out which issues they felt had the capacity to reduce the number of new students hired over the next five years.

Figure 9.2
Issues that respondents report will lead them to recruit less students that they otherwise would have done over the next five years (based on responses from 139 employers)



53%

Respondents reported that either Brexit or a recession would lead them to recruit less students than they otherwise would have done over the next five years

Most employers (53%) perceived that economic factors (either a possible recession or Brexit) will lead them to recruit less students than they otherwise would have done over the next five years.

Despite these concerns the student recruitment market appears to be weathering the current period of uncertainty well. Employers continue to report a need for skills and motivated entry level hires and to actively go out and recruit them in large numbers.

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