

Graduate Market Trends



In Brief

Term-time working and the gender pay gap

Two in five students work during term time for an average of 14 hours a week, with males earning considerably more than females, according to the latest annual *Student Experience Report* from UNITE.

The study found that on average, students earn £7.61 per hour, significantly above the minimum wage. At the high end are students of maths/computer sciences, earning an average of £10.81 an hour, whilst at the low end, architecture students were paid an average of £5.22 per hour, barely making the minimum wage.

Males earn significantly more than females, in part due to the fact that they work longer hours (16 hours vs. 13 hours for females), but also due to the fact they are getting paid, on average, one pound more per hour.

To download the report, go to: www.unite-group.co.uk.

Funding to boost the employability of young people

Business advisory firm Deloitte announced it is providing more than £2million through the Deloitte Foundation to boost the employability skills of young people in the UK.

The funding will create a new generation of 800 Deloitte employability trainers over the next five years who will teach employability skills to 80,000 college students across the UK. Employability issues covered in the course include: culture of the workplace, roles and responsibilities of managers and employees, team working, formal and informal channels of communication,

customer service, presentation skills, and giving and receiving feedback.

The initiative has involved appointing five Deloitte Employability Centres in England to train college staff to teach employability skills. Further centres will be appointed in Scotland, Wales and Northern Ireland in 2008.

For more information, see press release (7 March 2007) at www.deloitte.com.

Finance workers 'alarmed' by graduates' lack of necessary skills

Over two in three (69%) finance professionals believe that new accounting and finance graduates are not equipped with the necessary skills to start work, according to research released by the recruitment consultancy Robert Half Finance & Accounting.

The study of over 3,000 finance professionals in the UK reveals the perceived shortcomings of graduates as:

1. Knowledge of the company's industry (26% of respondents)
2. Communication skills (22%)
3. General office etiquette (21%)
4. Basic literacy, spelling and numeric skills (19%)
5. Knowledge of new financial regulations (8%)
6. IT knowledge (6%)

The survey also reveals that 21% of companies are regularly hiring international or overseas workers in order to enhance their internal skills capabilities.

Graduate career choices and entrepreneurship

Graduates who have embarked

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successfully on self-employment tend to display high career commitment, intrinsic motivation and single-mindedness, according to a study from the University of Derby for the National Council for Graduate Entrepreneurship (<http://ncge.com/>).

The study reveals the importance of earlier student involvement in entrepreneurial learning, education and awareness-raising of self-employment as a career option. 'Emotional confidence', reflecting the role of affective experiences in transition from university to the wider world, coupled with levels of self-confidence, were seen to be essential attributes to successfully setting up an own business.

The study concluded that the experiences of simply participating in a degree programme and being a student are not in themselves sufficient preparation for self-employment for many students, which raises issues concerning graduate readiness for entrepreneurship.

Reports reveal areas of UK with dearth of degrees

Parts of the UK cannot offer students, or potential students, courses in key subject areas, according to two

reports from the University and College Union (www.ucu.org.uk).

The reports, *Degrees of decline* and *Losing our tongues*, reveal that:

- 10% of UK science and maths courses have been axed in the last decade, including a 31% decline in chemistry courses, 14% decline in physics, and 8% decrease in maths degree courses. In contrast there has been a 9% rise in biology.
- There have been dramatic falls in the number of universities offering modern languages. The number of higher education institutions offering French has fallen by 15% over the last decade, institutions providing German have dropped by 25% and those offering Italian have fallen by 9%.

The reports say that students, or potential students, from poorer backgrounds and ethnic minorities are likely to be hardest hit by the cuts, as they are the most likely to seek a university close to home.

Research calls for urgent action to improve IT skills in NI

Urgent action to improve IT skills is fundamental to the continued economic prosperity of Northern

Ireland, according to e-skills UK research and consultation that included over 550 employers in Northern Ireland.

Over the next 15 years, the IT industry in Northern Ireland is forecast to grow at more than three times the rate of overall employment growth in Northern Ireland. Around 2,000 people are needed each year to enter the IT workforce, filling increasingly complex, high added value roles. At the same time, the number of people choosing to study technology-related subjects continues to fall.

A three-year action plan for IT skills development in Northern Ireland has been developed, including providing support for careers advisers and establishing a higher education/industry forum.

For more information, see www.e-skills.com.

New international graduates scheme announced

A new scheme which will enable international students to stay on in the UK for a year to work after they have completed their studies has been announced by the government.

To be introduced on 1 May 2007, the scheme replaces the Science and Engineering Graduates Scheme (SEGS), established in 2004 to encourage international students who had graduated in *certain scientific* disciplines to stay in the UK to work.

Under the new scheme, international students who have obtained a bachelors degree or higher level qualification in *any subject* from a university or college in the UK will be able to stay on for a year, and unlike SEGS which applied only to those with a 2:2 or above, any degree class (except fail) will be eligible.

Applicants will have to apply within one year of successfully completing their qualification. Those with postgraduate certificates and diplomas, such as a Post Graduate Certificate in Education (PGCE) will also be eligible to apply.

For more information, see press release (28 March 2007) at www.dfes.gov.uk.

Editor's notes

Those of you who are familiar with the work of the Higher Education Careers Services Unit (HECSU), or are regular readers of *Graduate Market Trends*, are probably aware of our major longitudinal research programme *Futuretrack*. This is the most ambitious study ever undertaken of the relationship between higher education and employment, with the aim to investigate the impact of educational and community background on the information available to those applying to enter higher education, the choices that they make, and the implications of these choices as they progress through universities and colleges or make alternative choices. In this issue of GMT, we are delighted to bring you the results of the first wave of the pilot study *Futuretrack 2005*. This is a survey of applicants to full-time UK higher education courses in 2005, and was carried out as a pilot in advance of the 2006 major study (*Futuretrack 2006*). More can be found in the article 'Embarking on higher education'.

On the same subject of HECSU's research, for the second year running, we will be holding a joint conference with the Higher Education Academy on 12 June this year at the University of Manchester. The title of the event is 'Putting Research into Practice'. The full programme, which will include the dissemination of the first wave of results from *Futuretrack 2006*, will be available on www.hecsu.ac.uk.

I hope you enjoy reading this latest issue of GMT.

Pearl Mok (Editor)

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Summary

Will Hunt from the **Institute for Employment Studies** reports on additional analysis of the national Student Income and Expenditure Survey 2004/05, which was featured earlier in the Autumn 2006 issue of *Graduate Market Trends*.¹ The latest analysis focused on final year students from England and explored a typology of students' attitudes towards higher education and the graduate labour market and looked at how these relate to students' personal characteristics and finances. The study shows that three distinct patterns of attitudes could be distinguished amongst the cohort and that these attitudes tended to reflect students' backgrounds and financial situations.

Introduction

The Student Income and Expenditure Survey (SIES) 2004/05² was undertaken jointly by the Institute for Employment Studies (IES) and the National Centre for Social Research (NatCen). Commissioned by the Department for Education and Skills (DfES) and the National Assembly for Wales (NAW) the study was designed to explore student finances in detail along with financial wellbeing, and attitudes towards higher education and the graduate labour market. The survey involved face-to-face interviews with a random sample of over 3,700 full- and part-time students from 88 higher and further education institutions in England and Wales.

The current work focuses on 813 final year full-time students of English domicile and utilises data collected on students' attitudes to higher education and the graduate labour market along with self-report data on their current financial situation and wellbeing. The analysis focused on this cohort in order to minimise potential differences arising from changes in the student support system over time and to be able to look at expected debt upon leaving university. Also, it was decided to exclude part-time students as it was felt that their higher education experiences and financial

Students, Attitude Types and Financial Circumstances

circumstances would be very different to those of full-time students.

The analysis

Cluster analysis was used to explore if there were any identifiable patterns (or typologies) of students' attitudes towards higher education and the graduate labour market and if so, how these relate to other factors such as students' personal characteristics, their finances, and their financial wellbeing.

The data entered into the cluster analysis comprised students' responses to items from the attitudes section of the survey where respondents were asked to indicate the extent to which they agreed or disagreed with a number of statements using a five-point Likert scale. The statements used were:

- 'My course is equipping me for the demands of working life'
- 'I nearly did not come to university because I was concerned about the debts I would build up'
- 'I am worried that the growing number of graduates will make it hard for me to get a graduate job'
- 'I think that I will earn more as a result of being in Higher Education'
- 'Most of the people I know go to or have gone to university'
- 'I think that in the long term the benefits of Higher Education are greater than the costs'.

Cluster analysis was then used to explore whether there were any clusters (or groups) of students that held distinct patterns of attitudes across these six items. In this procedure each individual's responses on the six items are compared using a measure of similarity (or dissimilarity) and then grouped together according to the level of similarity or dissimilarity they have with other individuals. If any distinct patterns of responses emerge then the analysis will result in a solution with a number of clusters, each of which contains individuals whose responses across the items measured are similar. Alternatively, it is possible that no distinct cluster will be found and all individuals' responses vary along a continuum.³

Three distinct groups

In this case, the cluster analysis showed that students could be clustered into three groups based on three distinct patterns of responses to the attitudinal statements. Students within each of these groups can be seen as having a similar pattern of responses to other students within their group, but a different pattern of responses to students within each of the other two groups. Analysis of variance on each of the six attitudinal items suggested that there were significant differences between the average scores of each of the three groups on all six items. Table 1 shows the typical responses to each of the attitudinal statements by students in each of the three groups.

Comparing the characteristic differences between these scores for each group a typology of attitudes can be uncovered, and patterns emerge that typify students' attitudes in each group. The three groups can be seen as:

- Group 1 ('Go Getters') – This group was generally positive about higher education, unconcerned about the possibility of debt and confident about their future prospects, and for this reason they have been termed 'Go Getters'.
- Group 2 ('Get Setters') – This group had mixed feelings about higher education. On the one hand they are still positive about higher education and were not so concerned about debt when starting their course, but on the other hand they have some concerns about their future prospects. This group, therefore, have been termed the 'Get Setters'.
- Group 3 ('Be Better's') – This group was more reserved about their higher education experience. Although they still tended to think that they will earn more as a result of studying at university and that the benefits of higher education outweigh the costs, they tended to be concerned about their debt and their prospects in the labour market and were less likely to state that most people they know have been to university. This group have been termed 'Be Better's'.

Articles

Table 1. Typical attitudes, by group

Item	Group 1	Group 2	Group 3
'My course is equipping me for the demands of working life'	Agree	Neutral	Neutral
'I nearly did not come to university because I was concerned about the debts I would build up'	Disagree	Disagree	Agree
'I am worried that the growing number of graduates will make it hard for me to get a graduate job'	Disagree	Agree	Agree
'I think that I will earn more as a result of being in Higher Education'	Agree	Agree	Agree
'Most of the people I know go to or have gone to university'	Agree	Agree	Neutral
'I think that in the long term the benefits of Higher Education are greater than the costs'	Agree	Agree	Neutral
Base	236	346	231

Source: NatCen IES, SIES 2004/05

Table 2. Personal characteristics

Age	Go Getters (%)	Get Setters (%)	Be Beters (%)
Under 20	56	64	30
20 to 24	22	29	28
25 or older	22	7	32
Subject			
Medicine/dentistry/subjects allied to health	29	4	7
Sciences/engineering/tech/IT	15	17	17
Human/social sciences (inc. business/law etc)	18	30	23
Creative arts/languages/humanities	15	30	30
Education	16	14	14
Other/combined	7	5	10
Socio-economic background			
Managerial/professional	59	54	42
Intermediate professions	18	26	24
Routine/manual/unemployed	23	20	34
Parental experience of HE			
Parental experience of HE	60	53	38
No parental experience of HE	40	47	62

Base = 813

Source: NatCen IES, SIES 2004/05

Personal characteristics vary by group

Group membership was found to be significantly associated with a range of personal characteristics, including age, subject studied, socio-economic class, and whether or not their parents had studied at higher education.

- *'Go Getters'* – This group was predominantly made up of young students with over half (56%) under 20 years of age and only 22% aged 25 or older (see Table 2). Medics made up a big part of this group with students studying medicine or subjects allied to medicine (e.g. nursing, medical physics, etc.) making up nearly a third. They also tended to be fairly traditional students in the sense that the majority reported that at least one of their parents had been to university (60%) and most were from managerial/professional backgrounds (59%).
- *'Get Setters'* – This group was almost exclusively made up of younger students with nearly two-thirds aged under 20 (61%) and only seven per cent aged 25 or over. The majority were studying humanities, arts and social sciences subjects (61%). Again, students in this group tended to be from higher socio-economic backgrounds, with 54% being from a managerial/professional background and only 20% being from a routine/manual occupations background. Over half (53%) had at least one parent who had studied at higher education level.
- *'Be Betters'* – Students in this last group were much more likely to be older than in the other two groups with nearly a third aged 25 and over (32%), and only 30% under 20 years of age.

Again, this group was largely made up of students studying arts, humanities and social science subjects (53%). This group had the highest proportion of students from a routine/manual socio-economic background (34%), and 62% of students in this group had no parental experience of higher education.

These profiles show how the *'Go Getter'* and *'Get Setter'* groups might be seen as more traditional students, in that they are both predominantly made up of young students, students from higher socio-economic backgrounds, and were more likely to have had parents who had been to university. The main difference between the two groups was related to subject, with a higher proportion of *'Go Getters'* studying medicine or subjects allied to medicine, which might go some way to explaining why this group tended to be less worried about their future job prospects. The *'Be Better'* group tend to be less traditional students, in that there is a higher incidence of older students, students from lower socio-economic classes, and with no immediate family background of higher education study.

Financial position also varied

Using the data from SIES it is also possible to explore the financial circumstances (income⁴, expenditure⁵, and debt⁶) of students in each of the three attitudinal groups.

- *'Go Getters'* had the highest total income (although not significantly higher) at £8,585 on average (see Figure 1). Compared with the other groups *'Go Getters'* had less income from the main sources of higher education student support (£2,562, or

30% of total income), but significantly more (£1,441 or 17%) from targeted higher education student support, which includes NHS bursaries and reflects the subject bias of the group. The total average expenditure for this group was the lowest out of the three groups although, at £9,904, this was only marginally lower than found for the *'Get Setters'* (see Figure 2).

- *'Get Setters'* had the lowest average total income at £7,849. However, this group saw the highest contributions from family and friends (£2,365 or 30% of total income). Spending on participation costs was significantly lower for this group than in the *'Be Better'* group at £1,891. This was mainly due to relatively lower spending on travel and on course-related childcare.
- *'Be Betters'* had a mean total income of £8,058 and compared with the other groups had significantly less income from family and friends (just £987, or 12% of total income). However, this group was significantly more likely to get income from benefits than the other groups, although benefits only accounted for 6% of income amongst this group. Average total expenditure was also significantly higher for this group at £11,212 compared with the other two groups, with higher average living costs of £6,191. This difference in living costs was primarily due to higher spending on food and personal spending (including telephone costs and other personal items). The *'Be Betters'* also had significantly higher levels of expected debt upon leaving higher education at £9,651, with the highest level of estimated borrowing and significantly lower levels of anticipated end-of-year savings (see Table 3).

Table 3. Average estimated savings, borrowing, and debt

	<i>'Go Getters'</i>	<i>'Get Setters'</i>	<i>'Be Betters'</i>
Estimated total borrowing at end of year	£9,572	£9,684	£10,374
Expected savings at end of year	£1,887	£2,135	£723
Estimated debt at end of year	£7,693	£7,555	£9,651

Base = 813

Source: NatCen IES, SIES 2004/05

‘Be Betters’ report more financial hardship

As well as being asked about their income and expenditure, students in SIES were also asked a series of questions about perceived financial hardship. When comparing the three groups on their responses to these questions we can see that the ‘Be Betters’ were significantly more likely to report financial hardship (see Table 4). Students in this group were twice as likely to indicate that they had thought of dropping out of university due to financial difficulties, and that financial difficulties had affected their studies, and they were much more likely to indicate that they had a little or a lot less money than they need. They were also significantly more likely to have gone into arrears on at least one of a number of payments⁷ and to have gone without or cut down on at least one of either food, heating, or prescriptions/medicines.

What does this analysis tell us about students?

The analysis shows that students should not be seen as a homogenous group who share the same concerns and attitudes regarding higher education and the graduate labour market, and that in the 2004/05 student cohort, at least, three distinct patterns of attitudes towards higher education can be distinguished. Firstly, there are the ‘Go Getters’ who are positive about higher education and their future prospects. This group tend to be a young, perhaps focused, group of students, from traditional higher education backgrounds who know what advantages their course will bring them in the graduate labour market. Secondly, there are the ‘Get Setters’ who, also, tend to be young and from a more traditional

higher education background, and again are generally positive about higher education, but who are perhaps less sure about what their future holds for them in terms of the graduate labour market. Finally, there are the ‘Be Betters’ who although they tend to see the benefits of higher education are more concerned about the financial costs of their education and are unsure about their future prospects. This group tends to be made up of less traditional students, who have less financial support from their families and friends and who face a tougher time financially while in higher education, and report higher levels of financial difficulty.

The analysis would indicate that potential higher education entrants of a similar background and attitude to the ‘Be Betters’ are likely to be most at risk of being put off by the financial costs of a higher education, and will be the toughest to convince about the benefits of higher education. However, it should be noted that the cohort under investigation in this report will have started their education prior to changes in the education funding system that have been brought in by the DfES in recent years to address these types of concerns. Research of this kind with future cohorts is essential to explore the persistence of these types of perceptions of higher education or whether changes in the student financial system have helped in addressing concerns about the financial costs of a higher education.

References and notes

1. ‘Exploring student finances’, Emma Pollard, Institute for Employment Studies, *Graduate Market Trends*, Autumn 2006.

2. Finch S, Jones A, Parfremont J, Cebulla A, Connor H, Hillage J, Pollard E, Tyers C, Hunt W, Loukas G (2006), *Student Income and Expenditure Survey 2004/05*, DfES Research Report 725. The full report can be downloaded via: www.dfes.gov.uk/research/

3. For more on cluster analysis see for example ‘Hair, J.F., Jr., W.C. Black, B. Babin, R. Anderson, and R. Tatham, (2006) *Multivariate Data Analysis*, (6th ed.). Upper Saddle River, NJ: Prentice Hall’.

4. Income can come from a number of sources and is split into a number of main categories: main sources of student support (including student loans, fee support, and Access to Learning Funds), targeted student support (including child-related support, NHS bursaries), contributions from family and friends, money from paid work, social security benefits, and a miscellaneous other category.

5. Expenditure is categorised into: living (including food, personal spending, and entertainment), housing (including rent, household bills), participation (including books, course-related travel and childcare), and spending on children.

6. ‘Debt’ was estimated by subtracting estimated end-of-year savings from estimated end-of-year borrowing.

7. Payments included: rent, utility bills (gas, electricity, water), hire purchase agreements, mortgage, council tax, credit cards, mail order payments, telephone bills, tuition fees, childcare payments, TV licence, child support or maintenance, miscellaneous other category.

Table 4. Financial hardship

	Go Getters (%)	Get Setters (%)	Be Betters (%)
Thought of dropping out, due to finances	25	31	61
Financial difficulties affected studies	20	26	60
Little/lot less money than needed	50	51	75
Cut down on at least one of three essentials	26	27	43
Arrears	15	15	30

N = 813

Source: NatCen IES, SIES 2004/05

Figure 1. Income and source of income, by group

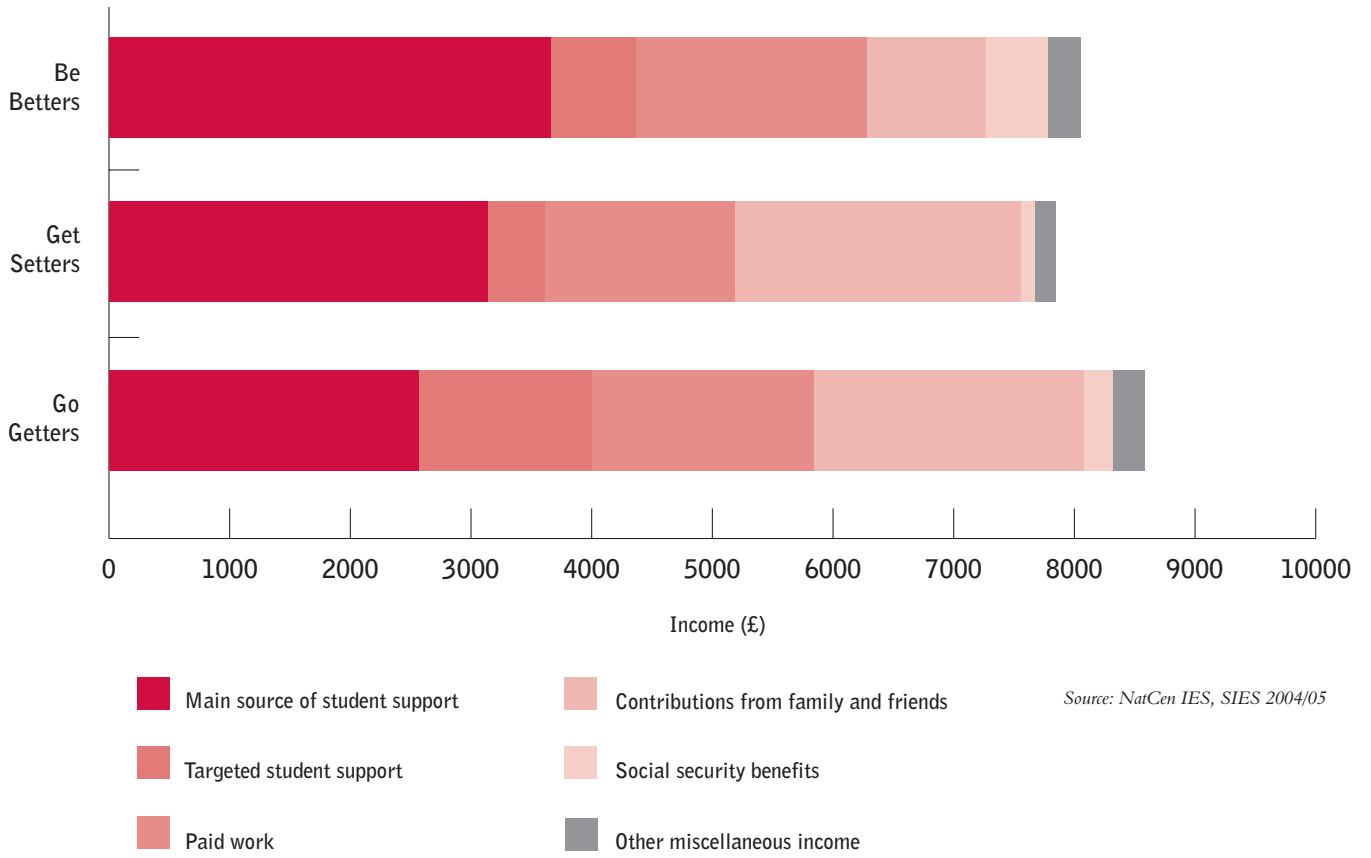
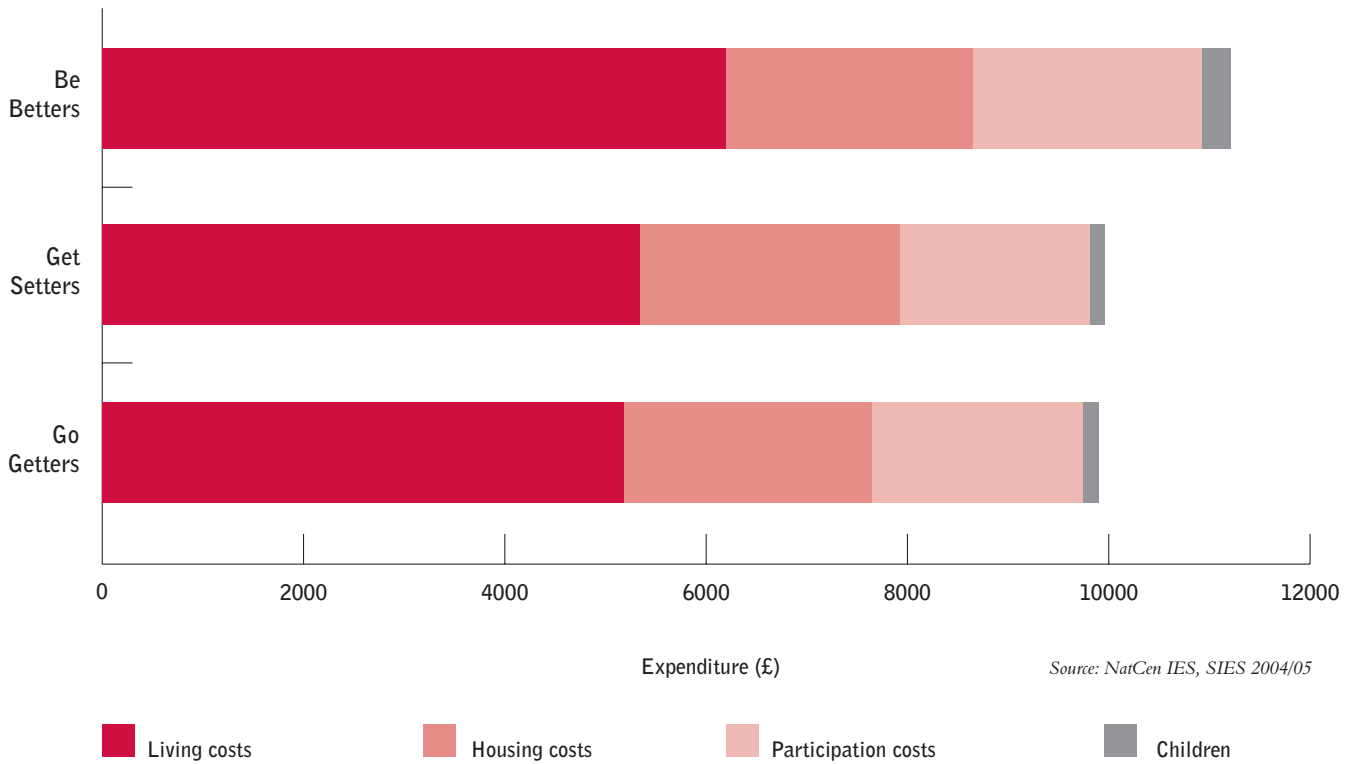


Figure 2. Expenditure and type of expenditure, by group





Summary

Qualitative research into the issues experienced by stakeholders in the process of work experience in the retail sector in the South East found that a number of barriers exist. Many of them relate, directly or indirectly, to the way the industry communicates within itself or externally with other organisations, such as students and universities. Others relate to the process of providing work experience within institutions and employers. The resource cost of work experience programmes is another serious restriction.

Introduction

In the autumn of 2006, the Higher Education Careers Services Unit (HECSU) and the National Council for Work Experience (NCWE) were commissioned by the Sector Skills Council for the retail industry, Skillsmart, and by the Regional Development Agency for the South East, SEEDA, to conduct research into the issues presenting barriers to the delivery and uptake of retail work experience to college and university students in the region.

Methodology

The project was based on a series of qualitative interviews. The shortest interviews lasted approximately 20 minutes and the longest for one hour, with the mean being approximately 45 minutes. Interview scripts were designed for each of three components in the sample (employers, institutional staff and students) presented in order to allow the interviewees to speak freely on the questions posed to them. In total, 18 interviews with retail employers, ten interviews with higher education (HE) staff and six interviews with further education (FE) staff were conducted and summarised. Seven students were also interviewed; these students were studying courses in either an FE or HE institution but all were on courses at HE level.

Although the samples were small, the detail of the questionnaires produced a wealth of highly qualitative information – no attempt was made to analyse data in a quantitative way.

Barriers to Work Placement in the Retail Sector in the South East

What is work experience?

The process of work experience and placement is complex, involving interactions between student, institution and employer at a variety of levels. In the course of the research, we found disagreement about what work experience meant and what it entailed. The research concentrates on the participants' own conception of work placement and did not apply a formal definition. This diversity of experience is both a strength and a weakness. The range of provision means that many different requirements can be accommodated. We have also found that language and expectations are not always shared by all parties and this can represent a significant barrier for those accessing and providing work experience.

Work experience: supply and demand

The demand for retail work experience is high, and some employers are overwhelmed with requests. This leads to extra work for both employer and institution, and can act as a disincentive. On the other hand, some institutions are experiencing a fall in interest in work experience amongst students. This is attributed to the importance term-time working has acquired as a means of support for students facing increased fees and living costs, and is exacerbated by many employers in the sector not paying work experience students.

Location plays a big role in the provision of work experience. Institutions in less heavily-populated parts of the South East, or areas with a number of competing institutions, often found it particularly difficult to provide enough good quality placements for their students. This also led to increased demand on those employers who did have placement opportunities.

Many retail employers offering work experience perceived a range of benefits, from increased engagement with their community to advantages in recruitment when students seek to enter the labour

market. Employers also use work experience to assess potential employees as well as a way to recruit during busy periods. Of those employers interviewed, the only ones who did not offer retail work experience had discontinued programmes because of historic problems with provision.

Attitudes to work experience

The large majority of stakeholders professed enthusiasm for the idea of work placement. Many industry interviewees spoke warmly of the enthusiasm, commitment and work ethic of the students, particularly undergraduates and of the fresh skills and perspectives they brought to the business as a result,

"We do work placements because students are very positive, eager, enthusiastic and willing to learn and gain experience." (employer interviewee).

A significant minority also saw it as beneficial to company image and community engagement,

"The company likes to do its bit for the community and feel the satisfaction of corporate responsibility." (employer interviewee)

Institutions are often very positive about work experience, citing increased employability for their students, benefits to student development, improved institutional image and engagement with employers, as benefits of taking part.

"Students learn what it means to have a dress code, and they learn self-reliance.... they learn about being in the frame of mind to do a day's work." (FE college tutor)

Students tended to see work experience as a way to increase employability skills and to make sense of their career options. However, although all the students who were interviewed in this sample were committed to the take-up of work experience, some students simply did not see work placement in retail as relevant,

as their ambitions lay in other industries – and did not see the relevant experience that they could gain from undertaking work experience in the retail sector.

In addition, as one tutor said, *“We have to remember that students are very young people”* (FE college tutor)

And with that in mind, many students lack the self-confidence to be comfortable with approaching employers to ask for work experience. Some institutions had provision in place to alleviate this issue, but others felt this was a necessary part of the student journey towards self-reliance. All agreed that for less confident students, this represents a serious barrier.

Only one industry interviewee was overtly against student work experience placements in general, believing them a waste of resources. But some employers appear to underestimate the skills, work ethic and enthusiasm of the students they could attract and see placements in terms of issues rather than opportunities.

Some universities felt work placement was unnecessary, or even a distraction for students from their primary purpose of learning. Some academics did not see it as their role to improve student employability.

“Academic buy-in is not great. Employability is what happens to students when they leave.” (university interviewee)

Some found themselves obliged to organise placements, but lacked the time, experience or motivation to attend to the job properly and so provided a half-hearted or demoralised service. This aspect is challenging because it raises issues about the role and purpose of institutions, particularly where the provision of work experience is not an established part of the culture. Some of the institutions to which this issue applies most heavily are already taking steps to change.

Resources and organisation

Interviewees identified a number of requirements that they felt needed to be in place in order for a work experience placement to be successful. They felt it was important that employer and student should be properly prepared for work experience and, although views differed, it appears that a centralised work placement system, with clear guidelines and experienced staff, was associated with successful work experience.

This does have clear resource implications and many employers opt to administer work experience locally, at individual branches. Many employers delegated the provision of work experience to the discretion of individual

store managers, giving rise to a lack of consistency across the employer’s organisation and the sector as a whole. Institutions frequently complained that an organisation might offer placements in one town, but not in another, that they could not identify appropriate contacts and that when they did, they then could not keep them because of staff turnover, and also that situations arose where a change of manager locally meant a change in work experience policy.

All stakeholders, employer, student and institution, should be aware of the expectations placed on them at the outset. This places a burden on the employer in particular, who needs to have a work experience role awaiting a student at an appropriate time in relation to the curriculum, and incorporating a development and learning component for the student. Many employers were able to do this, but it is a significant demand on resources and planning capacity. Health and safety issues, particularly for students in FE, also emerged as a significant issue. This also requires the employer, institution and student to use a common language to deal with issues such as supervision.

“[A successful work placement needs]...a proper induction, and proper supervision throughout the placement – although a formal mentor is not necessary.” (university interviewee)

Those institutions that considered their placements less successful often had a work experience system that was organised by individual course tutors in addition to their academic and teaching duties. This sometimes meant that the job of work placement tutor was given to the most junior member of staff in the department, and was seen as a burden to be willingly set aside when a new tutor joined the group. Some departments, as a result of such practices, were felt not to promote the benefits of work experience effectively or even to undermine it.

Many institution interviewees mentioned retail engagement with institutions as a barrier to work experience. One issue that was mentioned by a number of interviewees was a perceived reluctance of retail employers to come on to campus to promote their opportunities, to speak with students and to speak with institution staff. Institution interviewees were sympathetic to employers who felt that institution visits were a drain on resources but noted that other non-retail employers seemed to find more time than some retailers.

“If they don’t engage, it is very hard for careers service staff to sell the benefits of

employers, as they’re not sufficiently familiar with them. It’s a huge waste of resource and potential.” (HE interviewee)

On the other hand, a small number of employers seemed to feel that institutions could do more to engage with employers. Some interviewees felt that institutions did not always seem keen to deal with the retail sector and several mentioned advertising with institutions but receiving a disappointing response.

The issue of remuneration is also a serious one as student debt is a pressing concern; many institutions and students felt it was vital that work experience should be properly rewarded. This is likely to represent an additional cost for employers and a particular problem for small and medium-sized enterprises (SMEs).

Image of retail

“The retail sector is extremely good at marketing its products, and very poor at marketing itself.” (HE interviewee)

Almost all the interviewees felt that retail had an *“image problem”*. Retailing is associated with a lack of glamour, poor pay, long hours and a lack of career prospects. This was felt to represent a considerable barrier to recruitment as many young people were perceived to be reluctant to enter the industry when other options might be available.

However, some employer interviewees pointed out that the sector may not be as bad as is initially perceived.

“There are certain myths surrounding retail that need to be put to bed. The pay is not good, for example. People don’t realise that they can work their way up in a short space of time. A store manager can earn £30–40k plus a car plus a bonus.” (employer interviewee)

There was a strong view that the retail industry did not always communicate well about itself with those outside it and as a result, prospective students and those who advise them, were often unaware of the opportunities in the sector. Whilst some industry interviewees spoke of this, many others did not mention issues of communication or marketing when questioned. A minority felt that their employer did not need to do any more marketing as they were oversubscribed for work experience requests and had no issues recruiting.

Although the industry in general was reported to suffer from a poor image, many interviewees noted that certain employers or subsections of the retail industry had fewer such problems. Fashion retailers in particular were perceived to suffer few of the negative perceptions of other parts of the sector, and were often seen as being glamorous.

Articles

“Half my humanities students want to be fashion buyers!” (HE interviewee)

Many retail employers were aware of the way that their industry was perceived, but tempered that view with an appreciation of the diversity of the sector. Interviewees were keen to stress that retail can be an exciting and fast-moving environment.

“They say in retail ‘you will never be rich, but you can make a good living’, and that is true. Entry level is not the full story, there is lots to do when you get there.”
(employer interviewee)

However, there was no clear consensus about the way to market the industry. Some employers felt that, although the industry needs to do more to promote itself, this might not necessarily be at university or college level.

“It [retail] needs to be marketed more. Students are not aware of what retail involves. They need to aim at a younger market and advise careers advisers for schools so they make the right choices at A-level or degree level.”
(employer interviewee)

Employment culture in retail

Many interviewees, from all stakeholders, commented that the retail sector does not seem to have a culture of graduate employment. For industry interviewees, this meant that some did not fully appreciate the potential benefits of student participation or did not see the need for it. Some did not see why a graduate would want to work in the sector.

Institutional interviewees felt that some retail employers underestimated student ability and also underestimated how competitive the recruitment market could be for work experience and for recruitment.

Staff turnover was also an issue. This led to retail having an image of offering uncertain job stability. It also meant a lack of stability for those engaging with employers on work experience. One FE interviewee spoke about one student who had worked for four different supervisors in the course of a 14-month work placement, and many institution interviewees spoke of difficulty in forming and maintaining professional relationships with work experience staff.

Staff turnover can also make it difficult for employers to effectively plan work placements as an unexpected change in trade can make it hard to devote resources, or mean that a student might find little to do. The heavily seasonal nature of some areas of the industry means that the most convenient times for industry to offer work experience are not always the best times for students or institutions.

Recommendations and conclusions

The recommendations from the project drew together the wide ranging data generated by the interviews with employers, students, and institutional contacts. In the course of the research, the following conclusions and recommendations came out of the interviews.

Recommendations made by the retail industry

- The need for a co-ordinated marketing exercise for the industry in general, explaining the benefits of work experience in the retail sector, such as the range of opportunities available, the dynamic and fast-paced nature of much of the work and dispelling some of the myths about the industry.
- Centralised support for the organisation and management of work experience with databases of case

studies for reference and best practice information as guidelines. This would also include contact lists for institutions.

- Better communication with institutions (from school to university) with the institutions being proactive about what they have to offer the employers in terms of students’ knowledge and skills.

Institutional recommendations

- Institutions report that there is a need for the retail industry to market itself as an employer more effectively.
- Better communication between employers and institutions is sought. Suggestions for useful activities included employer presentations, and employers becoming involved in skills training and course consultations.
- Two institution interviewees suggested that retail employers could survey their current part-time staff to see who were studying, and talk to them about their experiences and aspirations to get an insight into student employment needs.
- A number of interviewees mentioned campus brand managers as being effective marketing tools.

Student recommendations

- The retail sector could market employment opportunities more effectively. In particular, it could use role models and case studies to illustrate the range of jobs that young people can do within the industry, and to show that retail can be an exciting and fulfilling career.
- Students also felt that retail could do more to allay student fears about low pay and poor conditions. Unpaid, or low paid work experience was felt to be a significant barrier to placements for students.



Embarking on Higher Education

Summary

Professor Kate Purcell from the **Institute for Employment Research at the University of Warwick**, discusses the key findings of the first stage of the longitudinal research programme *Futuretrack*. The survey of applicants to full-time UK higher education courses in 2005 has provided insights into their career choices, aspirations and planning, as they embark on higher education prior to the introduction of variable fees for courses.

Introduction

In 2005, the Higher Education Careers Services Unit (HECSU) launched an ambitious programme of research, *Career-making*, with the aim to better understand the processes leading to career learning and decision-making in students and graduates and the career guidance and development interventions aimed to support these. The programme has at its core a major longitudinal study of all applicants to full-time UK higher education courses who applied through the Universities and Colleges Admissions Service (UCAS), with surveys being carried out at four points in their career:

- as they were about to embark on higher education;
- one year later;
- after three years of study;
- one year after graduation.

In advance of the 2006 major study, a smaller sample survey was launched in 2005. This study, entitled *Futuretrack 2005*, was designed to be a longitudinal pilot study for the 2006 programme, with the primary aim to inform the 2006 study (*Futuretrack 2006*) on the survey methodology. In addition, it is envisaged that *Futuretrack 2005* would provide valuable insight into the career choices, aspirations and planning of the last cohort

of students to embark on higher education prior to the introduction of variable fees for courses, potentially providing a useful comparison with the succeeding cohort. This article presents the key findings from Wave 1 of this 2005 pilot study.

Survey respondents

The first *Futuretrack 2005* survey was undertaken in autumn 2005, with just under 3,500 responses received from participants who filled in an online questionnaire. Most of the sample consists of those about to embark on undergraduate degrees, but the full spectrum of entry points to higher education were covered in the survey, as shown in Table 1.²

Reasons for decision to enter HE

The most frequently cited reasons for deciding to apply to enter higher education were that completion of the course was a part of long-term career plans, interest in the particular subject/course, better job prospects, and the opportunity to realise their own potential (see Figure 1).

There were differences in the reasons for applying by gender. A slightly higher proportion of female than male applicants stated that their decision to apply was part of their long-term career plans, but the directly employment-related option ('To enable me to get a better job') was significantly more often given as their main reason by males.

Differences in responses by socio-economic background were also found. Those from routine and manual backgrounds were only half as likely to give 'It is the normal thing to do for somebody like me' as their main reason for applying. Non-traditional students also tended to refer to the need to demonstrate their abilities and potential. In addition, those from lower socio-economic categories were considerably more likely to be studying at further education colleges and were more likely to have applied as mature students.

Respondents accepted at institutions established as universities before 1992 were more likely to have considered that 'it is the normal thing to do for somebody like me', more likely to have been motivated by a desire to study a particular subject, to indicate parental and teachers' encouragement as a reason, as well as friends who were doing the same and wanting to be a student: clearly, more likely to be 'traditional' recruits to higher education.

Reasons for choice of academic subjects

The majority of the 2005 *Futuretrack* respondents had chosen their academic course subject because they had already enjoyed studying it or because of interest, but 45% had chosen it because they needed to complete their course to enter a particular profession or occupation and over two-thirds believed that the course would lead to good employment opportunities in general.

There are, again, gender differences in responses given. While nearly a quarter of female respondents stated that they needed to have completed the course they had applied for to enter a particular profession or occupation, only 14% of male respondents gave this as their main

Table 1. Types of course respondents were going to be enrolled on

Type of qualification	% of sample
Foundation degree	2
Three-year undergraduate	60
Four-year undergraduate	28
Undergraduate degree course lasting more than four years	6
HND	1
DipHE	0.1
Other	3

N = 3,472

²The survey respondents differ from the UCAS applicant population due to both sampling and response bias. The sampled population was, on average, younger than the full population of applicants and more likely to have 'standard' entry qualifications. Female applicants were more likely to have responded and those from minority ethnic groups and those embarking on higher education as mature students slightly less likely to have responded. In addition, survey respondents were more likely to have high entry qualifications and a higher proportion had accepted places in pre-1992 universities and less likely to have applied through 'Clearing'. For this analysis, the data have been weighted to take account of gender and age biases. Nevertheless, these and other biases should be borne in mind in interpreting the findings from this survey of UCAS 2005 applicants – which is essentially a survey of those who succeeded in obtaining a higher education place through the mainstream application procedure, unlike the 2006 census, where the procedures used and the timing of the survey, informed by this pilot, was designed to include the full spectrum of applicants.

reason. Males, however, were nearly twice as likely to give their main reason for choice of course as being that they thought it would lead to good employment opportunities in general - 13.2% citing this as a reason for choosing a course, whereas only 7% of females did so.

The issue of finance

The most important influences on respondents' choices of course had been visits to institutions, the characteristics of particular courses and the reputation of the institution. Financial considerations were considerably less often cited - only 8% of respondents reported these were the main influences. Financial considerations, however, were more often an influence on course choice for those from relatively disadvantaged than advantaged applicants.

About two out of three survey respondents expected to have significant debts after finishing their studies. More than 80% of respondents expected to do paid work during the vacations and more than half of respondents during the term time, with those from less advantaged backgrounds being more likely to anticipate working during term time. This is a cause for concern, given that it has been established by previous research that work during term time is likely to result in lower undergraduate achievement and, subsequently, greater difficulty in accessing employment that makes use of their higher education.^{1,2} As we proceed to track students through their higher education, we will be concerned to monitor the relationship between work during term (particularly, the number of hours worked during term), the type of work undertaken, academic performance, participation in other student activities and stress levels reported.

2005 UCAS applicants from Scotland were considerably less likely than those from other UK regions to anticipate having significant debts and, surprisingly,

significantly more likely to anticipate undertaking work during term time. Whether this reflects greater availability of paid work for Scottish students, a more comprehensive culture of working during study or socio-economic differences in the regional populations is something that the project team will be keen to explore in future sweeps of the survey, particularly in relation to the types of paid work and hours worked.

Those who had stated that they expect to undertake paid work during term time were asked for their reasons. The majority (88%) reported that they planned to work to help pay their essential living and study costs, over two-thirds (65%) answered that earnings would be required to help pay for leisure activities and holidays and 61% saw undertaking paid work as necessary to avoid debts. However, 39% planned to undertake paid work to gain general employment experiences and 18% to gain work experience in an area relevant to their course, although only 1.5% expected to undertake paid work to satisfy a requirement of their course - something of an underestimate, given current trends in course development and initiatives being developed by higher education institutions and employer partners at higher education institutions, industry, professional and policy levels.

Experiences with HE application and access to information

Family was cited as supportive in the choice of course by the majority, but a substantial minority had not found teachers and lecturers helpful, and only a third agreed that they had had excellent careers advice (see Figure 2). Furthermore, those from less advantaged backgrounds where higher education is not a normal next step were more likely than others to have reported lack of advice or guidance.

Implications of findings

The primary lessons learned from this

survey have been methodological and strategic and have helped to ensure that the census of 2006 UCAS applicants can achieve its objectives. However, in addition, this survey has highlighted the following key issues that will inform the design and conduct of the research and feed into debates about policy and practice in higher education and careers guidance:

- 1) There is clearly a need for more generally-available high-quality careers advice and information for potential higher education applicants.
- 2) The diversity of the higher education experience which students from different backgrounds and with different orientations experience, needs to be taken account of in the planning and provision of learning and of careers information provision and guidance.
- 3) The diversity of higher education experience, in terms of the length of courses and ranges of opportunities to which different qualifications provide access, presents increasing challenges for careers advisers.

Further information

Further information about Futuretrack is available on www.hecsu.ac.uk. A website dedicated to the study www.Futuretrack.ac.uk is currently being planned. Watch out for news of its launch on the HECSU website.

References

- 1 Purcell, K., Elias, P., Davies, R. and Wilton, N. (2005) *The Class of '99. Graduate careers four years after graduation*. Sheffield: Department for Education and Skills.
- 2 Callender, C. and Wilkinson D. (2003), *2002/3 Student Income and Expenditure Survey*. Department for Education and Skills, Research Report 487.

Figure 1: Reasons for decision to apply to enter HE, showing all reasons and main reasons given

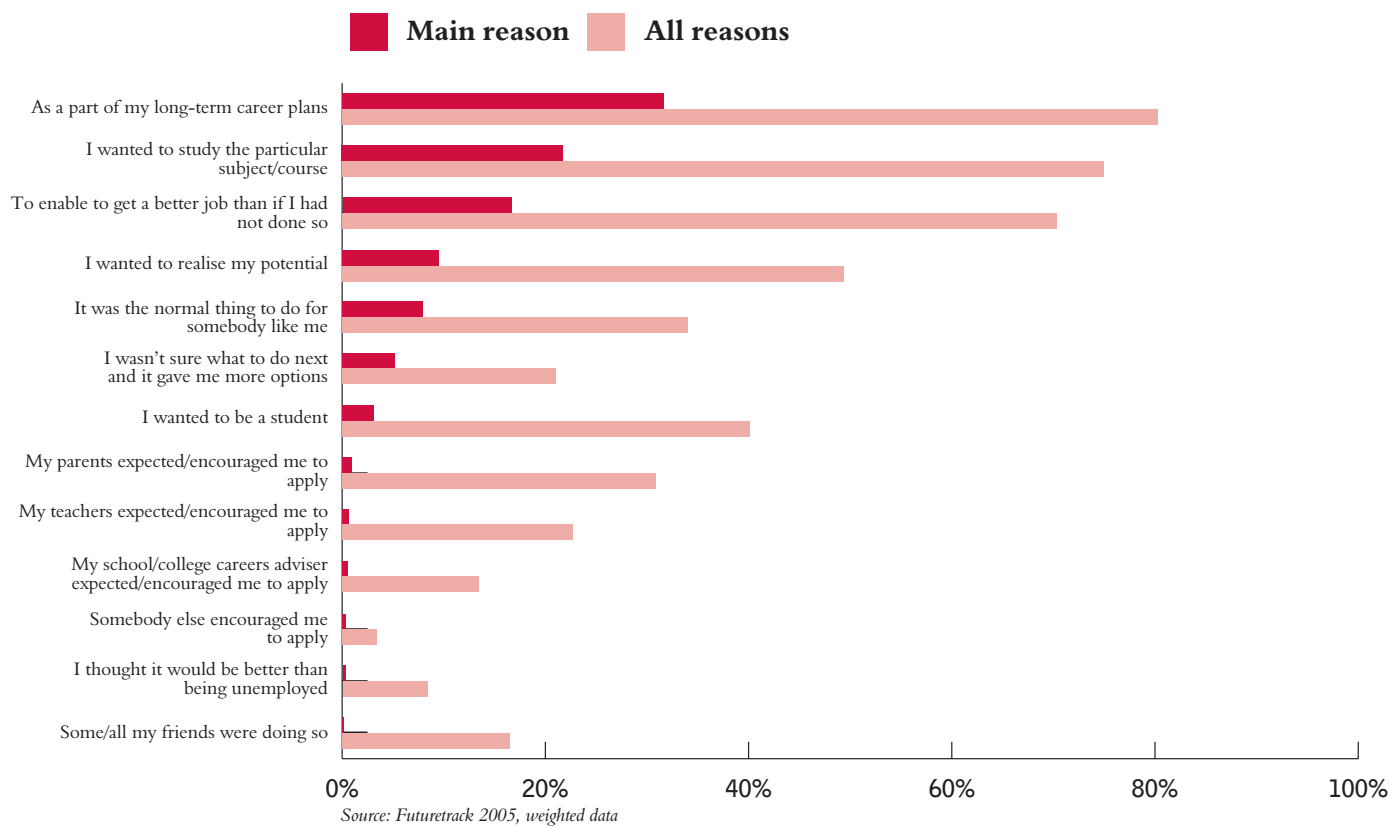
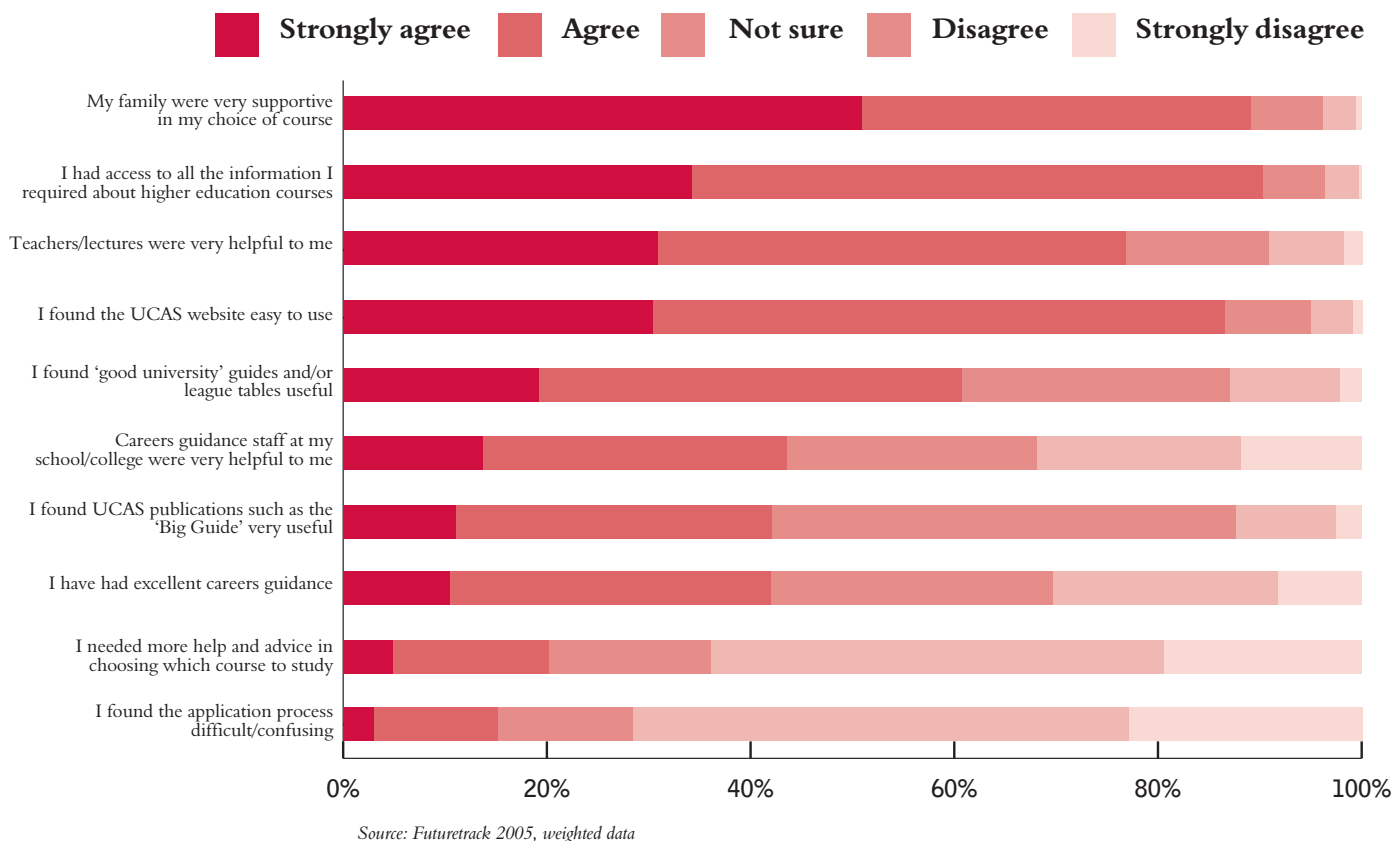


Figure 2: Reported experiences of the HE application process





Summary

In recent years, the focus on a knowledge-based economy has reinforced the importance of retaining graduates regionally for business development and economic growth, writes **Sarah Parkinson, Director of Education Research Services**. It is increasingly important for regional policy makers to have detailed information about their graduates' migration patterns and the social and economic reasons behind them. This article reports on the findings of a recent study which used quantitative and qualitative research techniques to find out not only what is happening in the area of graduate retention but also *why* it is happening within an identified region.

The research, undertaken by Team Pro Solutions in conjunction with Education Research Services on behalf of Coventry Solihull and Warwickshire Partnership (CSWP), comprised a comparative analysis of the 2002/03 and 2004/05 Higher Education Statistics Agency (HESA) *Destinations of Leavers from Higher Education* survey data with specific reference to Coventry University and the University of Warwick, and a follow-up qualitative study of telephone depth interviews with graduates to explore the issues identified from the quantitative analysis.

The project concluded with regional case studies of graduate cohorts with high levels of regional retention to identify examples of practice and conditions which support regional graduate retention and contribute to the local skills economy.

The qualitative study sample group comprised 60 alumni from Coventry University and the University of Warwick from graduation years 2002/03 and 2004/05. The support of the Universities' alumni association was invaluable to the project.

The study looked at how graduate retention relates to other issues such as the requirement for graduates' qualifications in their workplace, the growing numbers of students living at home, and students' social and economic backgrounds.

What Drives Graduate Regional Retention?

One aim of the qualitative study was to gauge the reliability of the HESA data as an indicator of graduate destinations – a commonly voiced concern is that the first year after graduation is anomalous with future years and a time when graduates are likely to take up low-paid temporary employment or to travel.

We were also interested to see if there were any significant differences in the regional retention trends of graduates from our pre- and post- 1992 universities.

Despite the complexity of the data and survey responses, the findings of the quantitative and qualitative studies research were remarkably consistent.

Greater numbers of 'home students'

The HESA data analysis showed that regional retention of our sample graduates has increased significantly since 2002/03. The greatest influence on this increase appears to be the growing numbers of 'home' students in the face of higher tuition fees. The proportion of students living at home has increased for both of our institutions, but is significantly higher for our post-1992 university.

Regional retention and age of graduates

The HESA data shows that graduates over the age of 25 who studied at Coventry University and the University of Warwick are proportionally more likely to remain in the area than their younger contemporaries.

Industrial sector

The health and social work, and education sectors dominate graduate retention in the West Midlands and Warwickshire; the female bias of these areas of activity is reflected in the pattern of retention.

Motivation to obtain employment

The greatest motivator for regional migration or retention is, above all others, to obtain employment. The vast majority of graduates do not have family ties, and they are characterised by their

mobility and willingness to live in the region where they receive the best job offer. This characteristic was common to graduates from all subject areas and across all industry sectors.

"Where you live at this stage of the game all depends on where the jobs are..."

(04/05 Coventry University graduate, male, 26)

Influence of domicile

The qualitative study confirmed the finding of the quantitative analysis that graduates with established family and working lives in the region prior to studying are unlikely to move areas. Dependent children, in particular, can be seen to create particularly strong ties to a region:

"I stayed in the region as my family are here; I have kids and am married... I have no plans to move, the only factor that would make me is family stuff, I have two little kids and so it is unlikely that I would move to somewhere like London at this stage of my career..."

(04/05 University of Warwick graduate, female, 37)

Perception of post-1992 universities

There was an awareness of a possible prejudice against post-1992 universities. However, this was widely regarded as an anachronistic viewpoint and graduates from our post-1992 institution did not report any adverse reaction to it from employers. Indeed, in general the 2002/03 graduates who had longer experience of the graduate jobs market than their 2004/05 counterparts did not feel that the league table ranking and status of the institution had impaired their career prospects:

"I don't think that employers look too much at the institution, they look at the degree. When I went for my job interview, I was up against people from LSE and Kings College and I didn't think I stood a chance...but I got the job..."

(02/03 Coventry University graduate, female, 25)

Achievement and personal satisfaction

Although the vast majority of respondents stated that their primary motivation for undertaking their course was to improve their job prospects, there is no doubt that achieving their qualification was highly personally satisfying for all of our graduates, regardless of their previous achievements:

"For me, the degree was not so much about improving employment... Getting a degree was invaluable to my personal satisfaction which is now excellent, as well as my credibility..."
(04/05 University of Warwick graduate, 46)

"It's being able to do it, knowing you can do it, the self-achievement. Being divorced and with children, it was much more of a personal challenge, a personal goal..."
(02/03 University of Warwick graduate, 43)

Employability

Overall, it was encouraging to see that graduates' qualifications had enhanced their employment prospects and increased their employability. In most cases, respondents stated that a degree was a basic requirement for their job:

"Whether it was the course or being there, the discipline of taking academic work seriously...I can meet deadlines because of the experience..."
(02/03 University of Warwick graduate, male, 27)

"My degree was essential for my job. Agencies won't take you unless you have a degree. They are not prepared to train you up. I learnt a lot on my degree course, it was invaluable..."
(02/03 Coventry University graduate, male, 25)

Cost of living

Cost of living was raised as an issue by some young graduates and was widely given as the reason for graduates living in the parental home:

"I applied for jobs in the Midlands and London. Where I could gain employment and affordability made me choose where to live, and I lived with my parents for a while..."
(04/05 University of Warwick graduate, female, 24)

The cost of living in London was raised by a number of respondents, despite its popularity as a graduate destination.

Employment immediately after graduation

Interestingly, in the light of concerns that the HESA *Destinations of Leavers from Higher Education* survey offers a picture of new graduate activity which is anomalous

with future years, our respondents reported that they did apply for graduate-level jobs on graduation; those who decided to 'temp' or travel after their studies were in a minority:

"I have changed job three times since graduating but these have all been progressions through to the job I am doing now..."
(04/05 University of Warwick graduate, female, 29)

The vast majority of respondents were working in industry sectors which relate directly to their areas of study, in large organisations.

Where graduates were unsure of what they wanted to do, and wanted to achieve a secure income, they were more likely to enter the teaching profession as a short-term career choice than take on low-paid temporary work:

"I don't want to be teaching forever, this is just so I have a steady income..."
(04/05 University of Warwick graduate, male, 24)

Social aspects

Social aspects and relationships are very important for many young graduates and can be seen to have an influence on where they initially choose to locate. Some younger graduates reported that they found the transition from university to work difficult immediately after graduation:

"It's quite difficult to go somewhere where you don't know anyone after having been with your friends for three years. 'Be prepared for the change' is what I'd say..."
(02/03 University of Warwick graduate, male, 27)

However, it is possible to see that these social ties are superseded by family bonds in older graduates.

The lure of the home town

Interestingly, graduates did not commonly express a desire to move back to their home town for any other reason than to live with their parents out of financial expedience.

Entrepreneurship

There were very few examples of graduates entering self-employment after graduation. However, the impact of the plethora of current initiatives promoting entrepreneurship among students and graduates may well have an impact on future generations of graduates, and this will be an interesting trend to look out for.

Overseas migration

A significant number of respondents

stated that they are considering moving abroad in order to maximise their career opportunities. On the whole, this was seen as a career move, rather than a 'lifestyle' choice. Indeed, the retention of graduates may increasingly become an issue of national, rather than regional, concern.

Good practice in graduate regional retention

This research project raises a number of issues about what constitutes 'good practice' in regional graduate retention: there is evidence of a correlation between high levels of regional graduate retention and low numbers of graduates who require their qualification in their jobs. However, university departments with high levels of local regional graduate retention in our sample demonstrate:

- Course provision which meets needs of local labour market
- Mutually beneficial links with employers
- Provision of work placement opportunities to graduates in the local economy
- Knowledge transfer schemes
- High levels of support for part-time and mature students

Areas for further research

This article outlines the approach and findings of a study which offers an insight into the issues which influence regional graduate retention, but also raises a number of questions which require further research. Perhaps most importantly, it can be seen that employers hold the key to graduate regional retention and the effective application of higher level skills within it. Skills demands, the relevance of the curriculum to regional industry, partnerships between higher education institutions and employers, placement opportunities and the effective deployment of employees who have higher level qualifications can be seen to have major implications for the graduate workforce.

In addition, there is a national need for some objective evaluation of the effectiveness of graduate regional retention activities to include monitoring of their effectiveness over a period of time in relation to any change in graduate regional retention levels.

An increased understanding of the issues which drive regional graduate retention will help to create knowledge economies in which higher level skills are retained, valued and applied.

Further information

For an executive summary and further information about this study, please contact Sarah Parkinson at e-r-s.org.uk. See also www.e-r-s.org.uk



Summary

This article summarises two reports that analysed graduates' experiences and expectations of the workplace, and advised employers on the steps they needed to take to attract and retain graduates.

- Happiness, career development, challenging work, training and development, and a good relationship with their manager were the most important aspects of a job for graduates.
- Poor promotional opportunities, unfriendly colleagues, poor starting salaries, uninteresting work tasks and poor management style were among the reasons graduates gave for leaving their first job.
- Employers needed to adjust their recruitment strategies to take account of the different ways that graduates enter the labour market.

In December 2006, the Chartered Institute of Personnel and Development (CIPD) published the report *Graduates in the workplace: Does a degree add value?* (referred to as the CIPD study hereafter).¹ Two cohorts of graduates – 331 from the class of 2000 and 545 graduates from 2005 – were surveyed in 2006 about their experiences of the workplace; it also provided guidance on what employers needed to do to recruit and retain graduates.

December 2006 also saw the publication of a survey of over 10,000 students and graduates and 395 organisations by the Association of Graduate Recruiters (AGR).² The study identified a high number of graduates, which it defined as the 'hidden graduate pool', who did not begin a permanent career or graduate training scheme immediately after graduation. It noted how employers were missing out on a significant pool of graduate talent and suggested various steps employers needed to take to ensure this graduate talent was not lost to them.

This article summarises the key findings of these two reports, concentrating on the speed with which graduates secured their first job, length of time they stayed with employers, reasons for leaving their first job and experiences of those on graduate training schemes

Graduates' Experiences of the Workplace

compared with those who were not. Key messages for employers are also discussed.

Activities after graduation and reasons for accepting first job

The CIPD study noted that 29% of the 2000 cohort and 31% of the 2005 cohort started work immediately after graduation, although the number of graduates taking longer than six months to start a permanent job rose from 9% in 2000 to 14% in 2005.

Graduates in the 2005 cohort accepted their first job for various reasons:

- Career development opportunities (49%).
- To get on the career ladder (29%).
- Money issues (17%).
- Location (5%).

Graduates surveyed in the AGR study who did not join a formal graduate scheme undertook various activities after graduation:

- 34% were in a temporary job unrelated to their career;
- 12% were employed in a temporary job related to career;
- 12% were working in a permanent career in a non-graduate job;
- 10% in a permanent graduate job that is not part of a graduate training scheme;
- 6% were in postgraduate study;
- 5% undertook a gap year to travel;
- 5% undertook a gap year to work, took up temporary work or charity work;
- 4% were unemployed;
- 4% other.

This survey, in addition, analysed the reasons this 'hidden pool' did not apply for graduate training schemes:

- 53% of graduates surveyed believed they could only get on to a training scheme straight after university.
- A number of graduates were unsure what they wanted to do after graduation, with 15% feeling that this uncertainty prevented them from applying for a training scheme.
- A lack of targeting on employers' part, especially because of the emphasis on campus-based activities.
- Anecdotal suggestions that debt could drive graduates into temporary work or stop-gap jobs.

Looking for a second job

43% of graduates not on training schemes surveyed for the AGR study saw their first job as a stop gap. An additional 9% left due to poor promotional opportunities, while other reasons included unfriendly colleagues and poor starting salaries. The principal reasons given by graduates for leaving their training scheme were uninteresting work tasks, regarding their first job as a stop gap, a lack of promotional opportunities, and poor management style.

When looking for their second job, those graduates not on training schemes wanted higher starting salaries, greater promotional opportunities and better training. For graduates on training schemes, their second job needed to be more interesting, pay more and offer greater responsibility. All graduates surveyed for the AGR study, regardless of type, were most likely to use recruitment agencies when searching for their second job (35% of all graduate respondents).

Retention of graduates

The CIPD study found that 81% of respondents graduating in 2005 were still working with their first permanent employer one year after graduation, with 12% of these having been promoted. Lower proportions of graduates from 2000 were satisfied with their career development, happy with training, development, coaching and mentoring opportunities than those from the class of 2005. The study suggested that attitudes change once individuals have been in the workplace for a few years and satisfaction levels may drop over time.

The CIPD study considered whether or not graduates were likely to change jobs for less money. It found that graduates, regardless of their year of graduation, were most likely to consider a lower salary if they found a job with better career prospects, while other popular reasons included better training opportunities, and better work/life balance.

Skills

The CIPD study found that around a quarter of both cohorts (24% for 2000 and 27% for 2005) felt that a lack of specialised skills restricted their career progression. The study argued that this finding emphasised the need for schools

and colleges to better inform pupils about the career implications of subject choices. The AGR report concluded that those graduates not on training schemes regarded leadership as one of their weaker skills, while graduate trainees rated themselves slightly higher for analysing and interpreting, interacting and presentation, and leading and deciding. Graduates in temporary work or jobs unrelated to their career aims rated themselves slightly higher for adapting and coping.

Experiences of work

The CIPD study found that those on a graduate training scheme were more likely to start on a better salary, and earned more after a few years in the workplace, than those not on a training

programme. Graduates on training schemes valued them for their training and development opportunities. They also viewed them as offering more career opportunities and quicker career progression. Graduates on training schemes also deemed their employers to be meeting their needs more so than graduates who were not on training programmes, as shown in Table 1.

The study also concluded, however, that around a quarter of respondents in both cohorts that had been recruited onto a training scheme saw graduate training programmes as divisive, and recommended that employers should monitor this finding, given the potential reverberations on teamwork and performance.

Table 1. Response to question 'How good are organisations at fulfilling graduates' needs'

	% all graduates not on a training scheme	% all graduates on a training scheme
Career development	54	79
Challenging work	64	73
Coaching or mentoring	35	54
Training and development opportunities	56	76
Supportive management structures	55	63

(Base: All respondents answering: 352 on a training scheme and 491 who were not. Source: CIPD)

Table 2. Aspects of a job that graduates from 2005 rated as important

	% of graduates from 2005
Happiness	97%
Career development	97%
Challenging work	95%
Training and development opportunities	94%
Good relationship with manager	92%
Company culture	90%
Salary and bonus	86%
Work-life balance	85%
Supportive management structures	85%
Job security	78%
Company's overall reputation	72%
Flexible working opportunities	65%
Location of organisation	63%
Company's ethical and environmental stance	63%
Financial support for further study/qualification	61%
Additional benefits	59%
Coaching or mentoring	57%

(Base: 543 graduates. Source: CIPD)

Perhaps surprisingly, the AGR study found that graduates *not* on training schemes were more likely than those who were to have risen to levels of responsibility such as training others or managing a business function. Those not on training schemes were more likely to have been promoted to junior management level, developing faster and were being assigned more responsibility. The study thus concluded that this hidden pool of graduate talent is developing a valuable skill set.

What graduates look for in a job

The CIPD study explored aspects of a job that graduates regarded as being important to them. At least 90% of the cohort from the class of 2005 cited happiness, career development, challenging work, training and development, a good relationship with their manager, and company culture as the most important aspects of a job. Table 2 gives a full breakdown of the results.

Messages for employers

Both the CIPD and AGR studies provided recommendations on what employers needed to do to recruit and retain their graduate workforce. According to the CIPD study, organisations were most likely to fulfil graduates' needs by creating a good company culture and facilitating good relationships between employees and managers. It also suggested that employers could do more to improve management of graduates.

The AGR's report argued that the hidden graduate pool was a high-quality source of talent but difficult to access. In accessing this talent, the study urged employers to:

- adjust their recruitment strategies;
- focus more on job boards and online activities;
- look towards exploiting the potential of social networking, which could be a very effective way to reach a wider range of candidates;
- broaden marketing strategies;
- review selection methods and criteria;
- think beyond traditional graduate recruitment methods, for example, by establishing relationships with recruitment agencies that have large numbers of graduates registered with them.

References

- 1 *Graduates in the workplace: Does a degree add value?*, Chartered Institute of Personnel and Development, December 2006.
- 2 *Reaching the hidden graduate pool*, Association of Graduate Recruiters/Hobsons, December 2006.



Summary

A recent report from Universities UK confirmed that there are 'significant economic benefits' associated to a degree-level qualification. A summary of these benefits to the individual, as well as the impact of the introduction of variable fees on these benefits, are reported in this article.

Back in 2001, the government reported that graduates' lifetime earnings would be £400,000 greater than those who ended their full-time education with A-levels.¹ Later estimates have been more conservative, however. According to a 2005 study from the University of Wales Swansea, after taking into accounts the costs of acquiring a degree (foregone earnings and tuition costs), male graduates can expect to see their lifetime earnings (net of taxes) increased by £141,539 over similar men who finished their education with two or more A-levels.² The corresponding figure for women is £157,982.

The large differences between the estimated government's figure and Swansea's figures was reportedly due to the former being derived using evidence gathered before much of the recent expansion in student numbers and, as such, may not truly reflect the current labour market circumstances facing graduates.²

With the introduction of variable tuition fees in England and Northern Ireland in 2006, a recent report from Universities UK (UUK) by PricewaterhouseCoopers LLP (PwC) not only examines the financial benefits of a degree, but also looks at the impact of fees on the economic returns to an individual.³ The report draws on research by PwC, as well as evidence from other reports.

Economic benefits of a degree to the individual

According to the UUK report, the *gross* additional lifetime earnings for individuals with an undergraduate qualification is approximately £160,000, or between 20 and 25% more, than for those with two or more A-levels.⁴ In

Financial Benefits of a Degree and the Impact of Variable Fees

addition, the possession of a postgraduate degree will add another £70,000 - £80,000 to the former figure.

There are, unsurprisingly, significant variations in the additional gross lifetime earnings by degree subject – ranging from £340,000 for medicine and dentistry to less than £35,000 for subjects affiliated to the arts (see Table 1).

Irrespective of the subject of study, the financial benefit of completing a degree is found to be much greater for women than for men, which could be attributed to the relatively low earnings of non-graduate women. In addition, citing the analysis by Dearden *et al* (2005), the UUK study reported that whilst the average earnings premium associated with higher education qualifications for all men is approximately 15%, the earnings premium for men from lower socio-economic groups was approximately 19-20% (compared to 9-14% for men from higher socio-economic groups). Women with higher education qualifications, however, appeared to earn the same premium irrespective of family income and socio-economic grouping.

Returns to a degree

The figures (*earnings premium*) reported in the previous section have not incorporated any of the costs into the analysis – either direct (e.g. tuition fees) or indirect (e.g. foregone earnings during the period of study). When these costs have been taken into account, i.e. when the costs incurred by the individual in the short term whilst at university were compared with the enhanced earnings later in life, the average *rate of return* to all undergraduate degrees was estimated in the region of 12%, says the UUK report. Unlike earnings premium, however, the subjects with the highest rates of return were not those with the highest economic benefits (medicine and dentistry), but those subjects with the

lowest costs relative to benefits (see Table 2).

Impact of variable fees

According to recent figures released by the Universities and Colleges Admissions Service (UCAS), the number of people applying to full-time undergraduate courses at UK universities and colleges by 15 January 2007 has increased by 6.4% compared with the same time a year ago – a reversal of the year-on-year dip in the number of applicants (by 3%) in 2006.^{4,5} The latest application level is, in fact, higher than the previous record for 2005 entry, when there was a surge in applicants prior to the introduction of variable fees in 2006.⁴

The latest UCAS figures suggest that many students have not been deterred from going to university by the introduction of variable fees, and the overall upward trend in undergraduate courses applications is continuing. This is further supported by evidence from another recent UUK study which revealed that in 2006/07, there was no evidence of a link between the change in the level of applications for full-time undergraduate places by institution and the relative generosity of their proposed student support arrangements.⁶

According to the UUK report on the economic benefits of a degree, the rate of return to the individual would be expected to rise from 12.1% to 13.2% following changes to the student finance package arising from the introduction of variable tuition fees.³ The reasons for this are due to:

- The removal of the need to pay for fees up front (as was previously the case).
- The re-introduction of maintenance grants for the poorest students and the provision of bursaries.
- An increase in the threshold for loan repayments (from £10,000 to £15,000).
- An increase in the interest rate subsidy associated with the maintenance and tuition fee loans.

³The evidence presented in the UUK report took into account the differences in an individual's personal characteristics, to ensure that 'the estimates of enhanced earnings and employment effects are specifically a result of the qualifications and not just the personal and job characteristics of the individuals in possession of those qualifications.'

In short, it is believed that the benefits resulting from these policy changes will currently outweigh the additional repayments that will be incurred later in the working life of graduates.

Non-financial benefits

In addition to the financial benefits, there are many non-monetary benefits associated with a university education, including the enhancement of career opportunities and employability: graduates are more likely to be employed compared with those with the next highest qualification and are more likely to return to employment following periods in unemployment or economic inactivity.³ A summary of the non-financial benefits can be found in the Autumn 2005 issue of *Graduate Market Trends*.⁷

The Centre for Research on the Wider Benefits of Learning was established by

the Department for Education and Skills in 1999 to investigate the benefits gained from learning across the life course, focusing on the wellbeing and quality of life of individuals, their families and communities across local, national and international areas, rather than the immediately economic outcomes such as wages. More about their work can be found on www.learningbenefits.net.

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association with London Economics) for UUK, February 2007. The report and press release can be downloaded from www.universities.ac.uk.

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Table 1. Gross additional lifetime earnings (wage premiums) by degree subject compared with two or more GCE A-levels (pooled Labour Force Survey 2000-2005)

Medicine	£340,315
Engineering	£243,730
Maths/Computer sciences	£241,749
Physical/Environmental science	£237,935
Architecture	£195,297
Business and finance	£184,694
Social sciences	£169,267
Subjects allied to medicine	£166,017
Average degree	£160,061
Library and information studies	£130,021
Technology	£119,484
Education	£114,935
Biosciences	£111,269
European languages	£96,281
Other languages	£92,346
Agricultural sciences	£81,935
Linguistics	£71,920
Humanities	£51,549
Arts	£34,494

Source: PricewaterhouseCoopers LLP (2006), as reported in *The Economic Benefits of a Degree*, UUK, 2007.

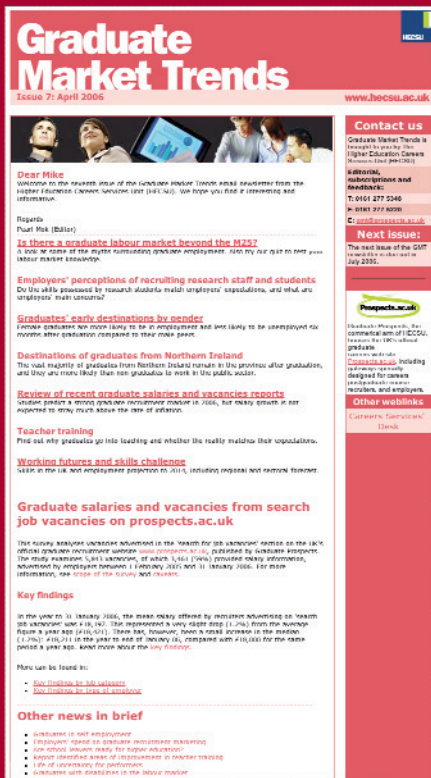
Table 2. Individual rates of return associated with different degree level subjects (pooled Labour Force Survey 2000-2005)

Law	17.2%
Management	16.9%
Engineering	15.5%
Chemistry	15.0%
Physics	14.9%
European languages	14.0%
All degrees	12.1%
Medicine (excluding dentistry)	11.6%
Chemical sciences	10.2%
Psychology	10.1%
Linguistics/English literature/ Celtic studies	9.7%
History	8.8%

Source: PricewaterhouseCoopers LLP (2005) *The Economic Benefits to Higher Education Qualifications*, a report for the Royal Society of Chemistry.

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