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Graduate recruitment collapsed by 11% in 2009

- Public sector hit hardest as budget cuts loom
- Recovery in the City prompts finance sector to boost graduate recruitment 14.6%

Graduate recruitment tumbled by 11% in 2009 as the economy ground to a halt, reveals Incomes Data Services' (IDS) latest survey of the UK's biggest graduate employers: *Pay and Progression for Graduates 2010*.

An increase in graduate recruitment of 3.7% is forecast for 2010, but this is still 8.3% down on the levels of graduate recruitment in 2008.

However, IDS says that the public sector is preparing to slash graduate recruitment by 6.6%. This is believed to be an attempt to gain greater control over costs in response to anticipated cuts in government spending.

IDS says that the recent recovery in the City has prompted the financial sector to dramatically expand graduate recruitment in 2010 by 14.6% from 2009 levels.

The report shows that the average starting salary for graduates is expected to fall in real terms in 2010 with an increase of just 0.8% to £25,606, which is less than a quarter of current inflation (CPI 3.5%)

Bucking the trend public sector pay for graduates is expected to rise by an average of 2.9%, more than three times the largest increase in the private sector. This means that the average graduate salary in the public sector will be £23,004 this year.

All law and accountancy firms involved in IDS' research said that they intend to freeze graduate starting pay this year. They also anticipate that there will be a continued decline (1.5%) in graduate vacancies in 2010. Despite this, average graduate pay in law and accountancy remains the most generous of all sectors at £33,000.

The largest pay increases are in finance and manufacturing with both sectors only increasing graduate pay rates by 0.9%. Across the private sector the average increase for graduate pay is 0.7%.

IDS' research also showed that 'golden hellos' are on the decline. At the beginning of 2009 more than half of companies said that they paid financial incentives for signing on, in 2010 just over a third plan on using financial incentives. 'Golden hellos' range from as little as £500 to £10,000, but the average value is £2,759.

Comments Jessica Evans, Author of *Pay and Progression for Graduates*, at IDS: “After a difficult year it looks like companies are starting to relax a little and think about expansion again. However, we are still some way off the recruitment levels seen just two years ago and the pool of graduates clamouring for jobs is increasing as quickly as ever.”

“Private sector companies want to prepare for the future with more staff, but the financial situation might be preventing them from using cash to entice graduates in. Fortunately for these companies, the jobs market for graduates is such that they don’t need to offer huge incentives in order to attract talent. It is very much a buyer’s market.”

According to IDS there were 44.3 applications per graduate vacancy in 2009 and this number could increase in 2010 as a backlog of unemployed graduates have a second attempt at gaining employment in their preferred areas.

IDS’ research also reveals that the majority of graduate positions had a minimum entry requirement of a 2:1 degree classification. Despite the high academic requirements and the greater than usual number of applicants, almost half of companies say that they have found their graduate recruits lacking in certain skills. Most companies complained that graduates were lacking in business and commercial awareness, but some found that applicants did not even know the basic functions of the organisation they were applying to.

ENDS

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