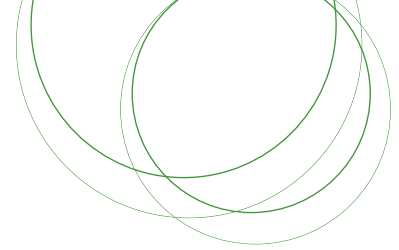


# Yorkshire Graduates: Impact of the Recession on the Class of 2009



# Introduction



There has been much media coverage and rhetoric about the apparent negative effects of the recession on graduate recruitment. This report highlights the impact of the recession on Yorkshire graduates, particularly for 2009 graduates, and identifies a series of common themes with recommendations for action. These themes are likely to endure, impacting on the class of 2010 graduates and post graduates as they enter the labour market this summer.

This report is intended to assess the real impact of the recession on graduate opportunity in Yorkshire, providing a snapshot of the experience of recent graduates in finding work and to assess first employment destinations. During December 2009, over 1100 graduates, registered on the Graduates Yorkshire website, completed a survey, devised by Yorkshire Universities and Graduates Yorkshire, to gauge the destination of graduates (in terms of employment status) and uptake of support and assistance available in the region.

What emerges is that the impact of graduates becoming 'under-employed' in the recession and the associated impact of displacing others from the labour market, with real implications for other workers and job seekers, is a greater challenge for the region than graduate retention and rates of unemployment. At the heart of this is the importance of fully utilising graduate talent and higher level skills to drive business innovation and competitiveness strongly linked to economic success and prosperity.

The survey findings also highlight the importance of continued targeted public sector investment in interventions which assist graduates into the labour market and into jobs which effectively utilise their knowledge and skills.

Finally, the report showcases some of the good practice in support available to assist recent graduates in gaining valuable employability skills and in finding work opportunities.

The subsequent report is a qualitative assessment of the key issues impacting graduate employment. There are six clear themes that emerge:

- 1. The number of graduates who were employed three months after graduation has fallen significantly in both 2008 and 2009.**
- 2. Graduates have delayed entry to the job market by undertaking post-graduate studies.**
- 3. The knowledge and skills of graduates are being underutilised.**
- 4. Extended periods of unemployment are negatively impacting on confidence in finding employment.**
- 5. A majority of graduates have received support from organisations in Yorkshire and the Humber.**
- 6. Employability skills are of increasing importance in the current graduate market.**

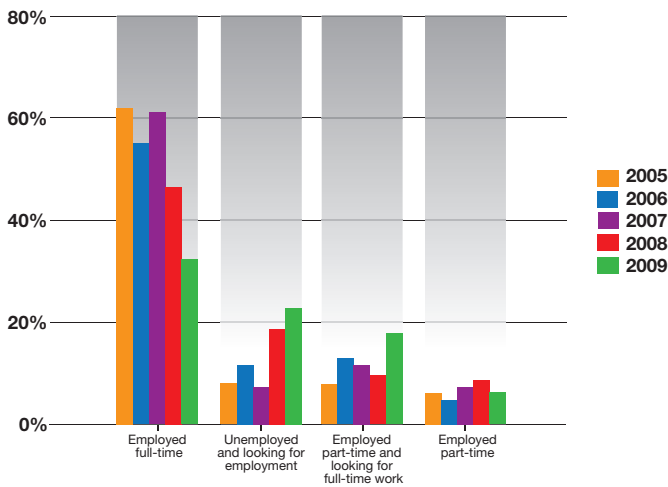
These assertions will be discussed, followed by key challenges and recommendations for the region, alongside examples of existing good practice.



# 1. The numbers employed three months after graduation have fallen quite significantly in 2008 and then again in 2009.



Chart 1 - Graduate destinations after three months



The number of graduates who were employed full-time within three months of graduating was down by 22.2% in 2009, compared with 2000-2008 and the number of graduates who were unemployed and looking for employment increased by 9.8%.

As can be seen in Chart 1, there were sharp falls in both 2008 and 2009 in the percentage of graduates who were employed within three months of graduating. Thus it is reasonable to suggest that the recession has had an impact on the graduate market and that there are fewer graduate jobs available. In each of the years from 2004-2007, there was a rise in job vacancies for graduates; however, in 2008 there was a 6.7% decrease in vacancies and a further decrease of 0.3% in 2009.<sup>1</sup> Furthermore, 'employers in just two areas – the public sector and the Armed Forces – stepped up their graduate vacancies in both 2008 and 2009.'<sup>2</sup> Inevitably, fewer graduate vacancies have impacted negatively on graduate unemployment.

Additionally, it appears that the situation is likely to be exacerbated by the issue of deferred job offers. According to 'The Graduate Market in 2010' report, it is likely that the number of graduate vacancies will increase in 2010; however, 'over a quarter of this year's entry-level positions have been filled – either by 2009 graduates who received deferred job offers or by students who've done previous work experience with employers.'<sup>3</sup> This would suggest that, at the very least, the situation will not improve for 2010 graduates. This concern is further illustrated by the fact that 'more than two-fifths of applicants [for graduate vacancies] were recent graduates who had failed to find work after leaving university in 2009 or before.'<sup>4</sup>

Employability skills can here be raised as a key issue. According to the CBI, 'employability is best defined as a set of attributes, skills and knowledge that all labour market participants should possess to ensure they have the capability of being effective in the workplace.'<sup>5</sup> The CBI also lists a seven-point framework of competencies for employability – self-management, team working, business and customer awareness, problem solving, communication and literacy, application of numeracy and application of information technology<sup>6</sup> – which form the foundations for a flexible work force that can respond to the changing needs of businesses.

In the Yorkshire Universities' survey, the idea of training and work placements both during and after degree studies seems incredibly popular as suggestions for improvement in graduate and undergraduate careers guidance. Supporting this, the National Student Forum 2009 annual report expressed that students feel in the current economic climate, where the job market is depressed and therefore more competitive, they need all the support possible to increase their employability. Suggestions in the report include well-structured work placement programmes and a clear university-wide employability strategy.<sup>7</sup> Moreover, results from an Association of Graduate Recruiters' survey of employers has suggested that 'more than half of the employers polled complained that students did not have the skills they are looking for' and that 'they were increasingly looking abroad for job candidates as they could not find the right skills among British graduates.'<sup>8</sup>

This also suggests that employers need to have more input and investment into developing graduate talent and employability. If employers are to find graduates with the skills that they require, it is important that they work with universities, both with course providers and careers services, in order to keep them informed about business requirements. 'The capacity of the higher education system to equip people for the modern world of work depends on this relationship being productive and based on mutual understanding.'<sup>9</sup>

## Recommendations:

- Provide **support and advice** to graduates that will prepare them for a competitive job market.
- **Facilitate the development of employability skills.** This could include internship programmes at under-graduate and graduate level, volunteering programmes and personal development standards.
- **Work with businesses** to ensure that universities are providing graduates with valuable skills that are relevant to businesses' requirements.

1. High Fliers Research, *The Graduate Market in 2009* (London, High Fliers Research, 2009), p.9.

2. *Ibid.*, p.5.

3. High Fliers Research, *The Graduate Market in 2010* (London, High Fliers Research, 2010), p.5.

4. *Ibid.*, p.6.

5. CBI, *Time Well Spent: Embedding Employability in Work Experience* (March 2007), p.6.

6. *Ibid.*, p.6.

7. National Student Forum, *Annual Report 2009*, p.33.

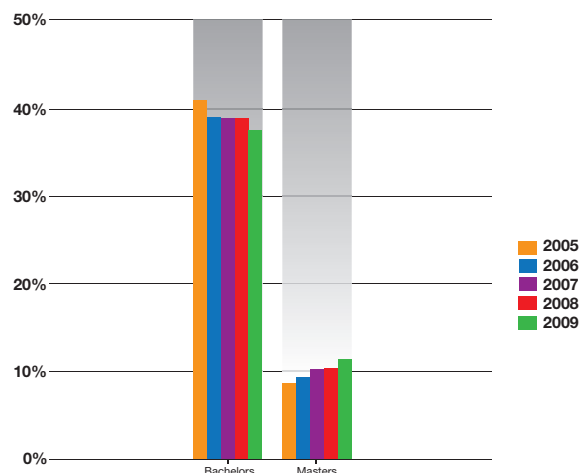
8. 'Take low-skilled jobs, class of 2009 told', *The Guardian*, 11 February 2009

9. Department for Business Innovation and Skills, *Higher Ambitions* (2009), p.46.



## 2. There has been a clear increase in the number of people choosing to go on to post-graduate study, delaying entry into the labour market.

Chart 2 - Highest education levels of graduates 2005-2009 (%)



The survey results suggest that a higher percentage of those who have graduated in 2009 have graduated from masters degrees than has been the case in previous years. The number of those who have a masters degree as their highest education level has risen by nearly 4% in 2009, which is particularly significant as the rate has stayed relatively consistent in the previous three years (as shown in Chart 2).

Superficially this could be considered a positive development. However, the survey results suggest that since 2000 the percentage of masters graduates who are unemployed and looking for employment tends to be higher than for graduates with a bachelors degree (see chart 3), a trend which has been confirmed in 2009. In actuality, of those who graduated with a masters degree in 2009, only 25.7% were employed full-time after three months, compared to 33.3% who were unemployed. Moreover, the level of unemployment amongst those graduating in 2009 with a bachelors degree is around 10% lower at 23% - a significant difference.

One conclusion that might be drawn from these findings is that graduates are not using further study to improve their employability prospects, but in response to other factors such as the economic downturn and the apparent lack of graduate jobs. One respondent, for example, stated that they wanted to continue their studies because they 'can't find work and it seemed a good option,' while another suggested that their decision to participate in further study was based on the current economic climate.

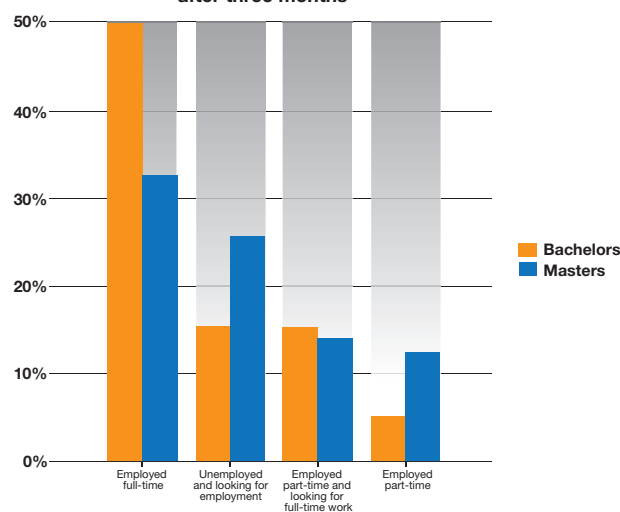
While it seems important that graduates are able to differentiate themselves from others in the highly competitive graduate recruitment market, it is important that additional qualifications and skills are equipping students for the workplace, particularly by improving their employability skills, rather than simply acting as a continuation of academia.

Furthermore, it is increasingly important to align further study with the requirements of regional growth sectors in particular in order to decrease the mis-match between available and relevant skills. It is also key, therefore, that 'the employer voice is fed into the system.'<sup>10</sup> It is also important to provide generic employability skills, which evidence from the 2010 National Skills Audit suggests are important in order to create a flexible workforce that can adapt to a changing job market.

### Recommendations:

- Ensure **further study is linked to employability skills**, be they specific technical skills or more general transferable skills. This could involve more input from business, either through curricula or industry placements and so on.
- New employment markets will emerge in **relevant sector growth areas** for the region and **sector specific information, advice and guidance** should be available to all job seekers.
- Create **more opportunities** for those graduating from bachelors degrees so that, faced with unemployment, they do not feel a masters is the only option. There should also be opportunities for those studying masters degrees to gain more experience. In both cases, this could take the form of internships or work placements, for example.

Chart 3 - Destinations of bachelors and masters graduates after three months

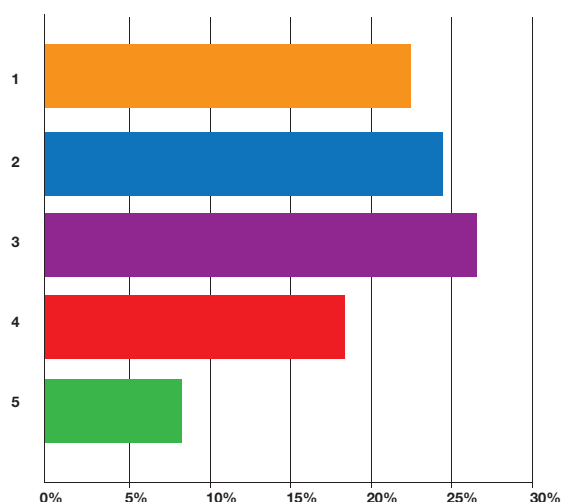


10. Mark Andrews, Sharon Pickering and Gila Tabrizi, 'Delivering a skilled and employed region - a demand-led approach' in *The Future of Yorkshire and Humber* ed. Paul Hackett (London, The Smith Institute, 2009), p.48.

### 3. Those graduates who are in full-time employment often feel that they are not utilising their knowledge and skills, whereas those who are employed on paid internships feel as though they are working far more to their potential.

Graduates in full-time employment tend to feel as though they are underemployed, with 47.2% giving negative responses (answering 1 or 2 on a 5 point scale) when asked whether they were utilising their knowledge and skills. Moreover, this seems to be an increasing trend; of 2009 graduates, 56.1% gave negative responses, as opposed to 44.1% of 2000-2008 graduates. This appears to fit with a growing national trend of graduates filling lower skilled jobs due to a lack of real graduate opportunities.

**Chart 4 - How far graduates who are in full-time employment feel their skills and knowledge are being utilised (1 is the lowest score, 5 the highest)**

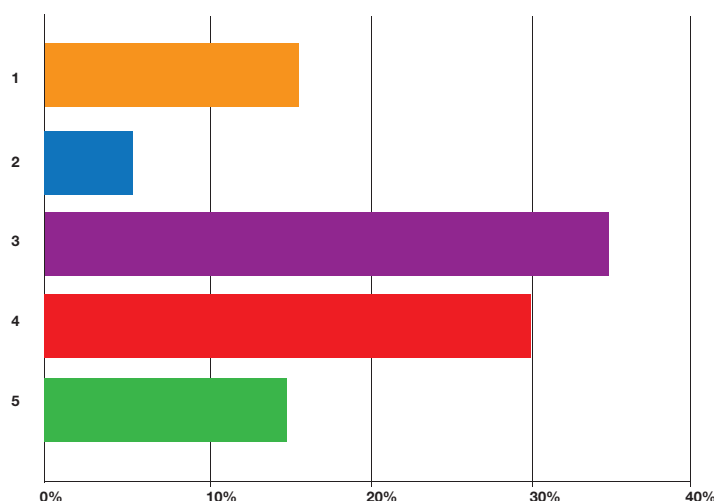


In contrast, those graduates who were on paid internships tend to feel as though they are realising the potential of their skills and knowledge. Of these graduates, only 20% gave negative responses to the same question, while 45% gave positive responses (answering 4 or 5), which is a considerable difference of 18.2%. Therefore, it seems, internships allow graduates to work more fully to their potential, benefitting both employer and graduate.

Graduate underemployment is a significant issue. One might suggest that if there are not enough graduate level jobs in the region, it makes it far more difficult to retain graduates in the region. According to a report from a research brief series on the economic impact of higher education institutions, graduates want to work in cities that 'offer graduate level employment, high salaries, have low unemployment and a choice of reputable employers.'<sup>11</sup> While, recently, graduate retention has not been a difficulty in the region, it is important to maintain the excellent retention rates that are usually observed. Perhaps a more significant issue that has risen from

graduate underemployment is that of displacement. 'With graduates filling the jobs market, those with fewer qualifications have been pushed down the pecking order – leaving those with no skills or qualifications even further from the jobs,'<sup>12</sup> which could have serious economic implications. Further to these issues is that graduate underemployment is simply a waste of high level skills, with businesses missing out on valuable opportunities to strengthen efficiency and effectiveness in an increasingly competitive global knowledge economy.

**Chart 5 - How far graduates who are on paid internships feel their skills and knowledge are being utilised (1 is the lowest score, 5 the highest)**



Internships can effectively utilise graduates' skills and knowledge, which means that a graduate is more likely to stay in the region and that more low skilled jobs are available to those with lower skills levels, thereby helping to ease the potential economic implications of graduate underemployment. Moreover, internships are beneficial to both employers and graduates and are linked closely to the issue of employability. They are effective in demonstrating to employers the advantages of employing graduates, while enabling graduates to develop employability skills thereby contributing fully to the business, while enhancing their career prospects.

#### Recommendations:

- Encourage employers (large and SMEs) to see the **potential and importance of graduate workers.**
- Support graduates to **develop the key skills that are required by businesses** to enhance their employability, such as commercial awareness and problem solving.
- **Support and invest in internship and work placement schemes** to alleviate the impact of graduate underemployment in the region and wider displacement in the job market with the associated loss of productivity.

11. *Impact of Higher Education Institutions on Regional Economies: A Joint Research Initiative, Research Brief Series No. 2, 'The Impact of Economics and Quality of Life on Graduate Flows and Subsequent Innovative Capacity of Cities in the UK.*  
12. David G. Blanchflower, *Foreword in: The Prince's Trust YouGov Youth Index 2010 (2010)*

## 4. Extended periods of unemployment are impacting on confidence in finding employment.

The results of the survey suggest that, although under 30% answered negatively when asked how confident they were about finding a job (answering 1 or 2 on a 5 point scale), nearly 40% gave a positive answer (4 or 5). This suggests that three months after graduation, the effects of unemployment will not necessarily have a huge undermining effect on confidence. Nonetheless, of those graduates who are undertaking paid internships, answering the same question, only 15% replied negatively, while 50% gave a positive response.

Perhaps unsurprisingly, this suggests that being employed, particularly in a role where their skills are fully utilised, allows graduates to develop employability skills and experience, which in turn leads to greater confidence in finding future employment. Moreover, there is evidence that young long-term unemployed people find it difficult to connect with the business world and, therefore, to find stable career jobs. This supports that there are benefits of, at the very least, a short term of employment in internship schemes; they enable graduates to gain employability skills and to connect with the business world. This is important because 'joblessness has a knock-on effect on a young person's self esteem... The longer the period they are unemployed for, the more likely they are to experience this psychological scarring.'<sup>13</sup> Moreover, as expressed by the 'Backing Young Britain' campaign, long-term unemployment among young people 'can blight the prosperity and depress the spirit of communities for decades.'<sup>14</sup> Therefore it is important to combat the issue now in order to prevent long-term damage in the region.

### Recommendations:

- Encourage **employers to back 'Young Britain,'** both in the public and private sectors.
- Engage with employers in order to promote **provision of work experience, internships, apprenticeships, mentoring schemes** and other steps that can be taken to ensure that graduates become part of the business world.
- **Employability skills as a priority form of support** for graduates in order to make them more competitive in the job market.



13. Ibid.

14. UKCES advert – An Open Letter to UK Employers – part of the 'Backing Young Britain' campaign.



## 5. A majority of graduates have received some form of support from organisations in Yorkshire and the Humber; however the relevance of the support often appears to be inadequate, and the awareness of more useful support seems limited.

The main type of support that graduates have received is information, with nearly 80% of respondents experiencing this form of assistance. The majority of respondents have also received help with careers advice and over a third have had guidance with job seeking. Moreover, one respondent stated that 'the Yorkshire region provides excellent support to graduates.' Despite this comment and the fact that a considerable majority have received support, an overwhelming 73.9% of those who responded to the survey state that more help could be given. Moreover, when asked to rate the level of support received (1 being the lowest, 5 the highest), 40.6% replied negatively (1 or 2).

One of the reasons for this might be to do with the relevance of the support that is being given. Whilst information is important, the evidence from the survey suggests that only 7.4% of respondents have received employability skills training, and 5.5% have received sign posting to further advice. There were also comments about the limited utility of information services, for example: 'I know how to find a job, but there are none out there that I am qualified to do. Everywhere wants experience not qualifications.' Information about job searching and writing job applications cannot form the whole solution. Although this information is a valuable resource, the region needs an holistic approach, with a range of interventions to increase graduate employment, including close connections with business and developing graduate employability skills.

Employability skills can here again be raised as an important issue, with many employers valuing 'broad "employability" skills such as communication, motivation, independence, analysis, confidence and problem solving.'<sup>15</sup> There are indicators from the survey that awareness of the importance of employability skills is increasing, with 2.7% more receiving employability support in 2009 than in the years 2000-2008. However, in 2009, the level remained low at 8.9% and it remains clear that 'graduate employability needs to improve, particularly in terms of business awareness, where 48% of CBI members are dissatisfied.'<sup>16</sup>

There also seems to be a lack of awareness as to where more relevant support can be found. Of all respondents, 67.5% have used university careers services and 44.6% have accessed JobCentre Plus. All other options on the survey, including internship schemes and the Next Step national careers advice service have each been used by less than 10%. As one respondent noted, 'there is a lot of help there, but not everyone knows what facilities are available to them.'

This is a pertinent issue because, according to the survey responses, JobCentre Plus is not meeting the specific demands of graduates, with comments such as: 'I didn't really get any help they just showed me where the machine was to print jobs off.'

Moreover, there is evidence from other studies that suggests employers do not engage fully with university careers services. According to a Council for Industry and Higher Education report on graduate employability, employers feel the chief services they require from universities are 'fast responses to requests and queries, being able to position their company as an employer of choice and CV screening to pre-select candidates.'<sup>17</sup> While these are valuable services that universities can provide and are services that employers seem relatively satisfied with, there are other potential relationships between careers services and employers that could also be productive. For example, greater employer input in developing the employability skills of graduates and providing training opportunities. It is important to remember that 'the engagement of employers in developing skills strategies...is crucial'<sup>18</sup> in order to meet the skills demanded by businesses.

It is important to note here that 'there is a need for [collective] action by universities, employers, students and government to address both the reality and perception of the skills deficit in our graduates.'<sup>19</sup> The process of developing graduate employability skills requires a combined effort in order to be truly effective.

### Recommendations:

- **Improve student awareness** of the various available support options.
- **JobCentre Plus and the mainstream public sector** should provide an **enhanced service for graduates**, with advice that is more suitable for university leavers, including rapid referral to specialist support.
- More emphasis needs to be placed on **developing employability skills** as a support service, both within degree programmes, in terms of core curricula, and through extra curricular activities.
- Encourage **employers to engage more with university careers centres and course providers**. Engagement could be facilitated in a number of ways, ranging from a discursive form of interaction, whereby employers keep universities up to date with skill requirements, to a more active role of running skills workshops, internships and placements.

15. Department for Innovation, Universities and Skills, *Higher Education at Work, High Skills: High Value* (2008), p.6.

16. *Ibid.*, p.14.

17. Will Archer and Jess Davison, *Graduate Employability: What do employers think and want?* (London, The Council for Industry and Higher Education, 2008), p.12.

18. Andrews et al., 'Delivering a skilled and employed region', p.51.

19. Richard Brown, *Foreword in: Archer and Davison, Graduate Employability*, p.5.

## 6. Employability skills emerge as a key theme of increasing importance in graduate recruitment, alongside the importance of employer engagement.

The mounting importance of employability skills and employer engagement with universities have been clear themes running through this report and, as such, the issue requires further attention. Increasing the levels of support that students and graduates receive to help increase their employability skills are key, as without them:

- It will be more challenging to achieve economic productivity goals.
- Individuals will find it harder to find and progress in rewarding work.
- Several important strands in skills policy might be unachievable.<sup>20</sup>

Graduate employability skills are fundamentally linked to the other key themes that have emerged from the survey data and remain a key challenge in the region. As mentioned earlier, there are options available to those students who wish to develop their employability skills. Some interesting examples of good practice include:

### ⇒ **Postgraduate Certificate in Employability and Entrepreneurship at the University of Bradford:**

With the possibility of leading on to study for a masters in Professional studies, this postgraduate certificate is targeted at graduates who are new to the labour market or who are facing redundancy. It covers the areas of both employability and entrepreneurship and includes work-based learning opportunities. This is an example of a postgraduate qualification that might be more beneficial to graduates than a continuation of pure academia.

### ⇒ **Simulated Work Experience at Leeds Metropolitan University:**

The range of media courses within Leeds meant that there was increasing pressure on the availability of work placements. The Employability Office and course team worked together to introduce a compulsory module that simulated work experience and included sessions on networking, interviewing, CVs and working in teams.

### ⇒ **Professional Placement Modules at Leeds Trinity University College:**

Each student at Leeds Trinity undertakes one or two six-week placement modules in an appropriate work situation, allowing them to build employability skills as part of their degree.

### ⇒ **Employer Partnership Board (EPB) at the University of Huddersfield:**

The EPB is a board of approximately 25 employers of University of Huddersfield graduates and students, set up in response to the economic circumstances in summer 2009. The aim is to sustain relationships between businesses and the university's Careers and Employability Service so that they can work together to promote the value of employing graduates and to ensure that graduates are provided with the skills required to meet business needs.

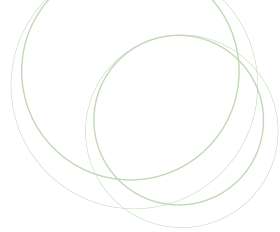
### ⇒ **Graduates Yorkshire Internship Programme:**

This is a regional graduate internship and work-readiness programme, intended both as a short-term response to the recession and as a long-term intervention. One of the more distinctive features of this programme is that unsuccessful candidates are given coaching and mentoring in order that they will be able to find employment in the future.

### ⇒ **Economic Challenge Investment Fund (ECIF) Programmes:**

There has been successful regional co-ordination between universities and Yorkshire Forward, alongside other partners and stakeholders, in response to the ECIF funding by HEFCE. There is a wide range of schemes that have resulted from the ECIF funding, including:

- A regional internship programme, co-ordinated by the University of Leeds, with all universities participating via their careers advisory services.
- The University of Leeds is also providing research internships for 10 of their recent graduates, in a range of research areas. As well as providing quality experience for University of Leeds graduates, this scheme provides the potential for further opportunities, as the internships have been created in the university's research groups, which are actively working with the business community.
- The opportunity for Leeds Metropolitan University graduates to use co-working space and a variety of training and business support services with a three month sponsored membership of the Northern Technology Institute.



⇒ **Other examples include:**

- Modules at Sheffield Hallam University, developed in partnership with London 2012, providing students with the skills to work in the sport media industry.
- Manufacturing Masters developed by Yorkshire Forward, The University of Leeds, the Manufacturing Advisory Service and industry specialists.
- Master and Doctor of Enterprise programmes at the University of Huddersfield.

It would seem, therefore, that there is some really positive work towards improving students' employability skills across the region. However, it is important to build on this work in order to sustain and improve in this area and in order to make sure that all students have the option to develop their employability skills and are aware of the options available – this is vital in an ever more competitive graduate job market and in an increasingly competitive global knowledge economy.

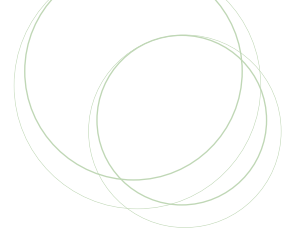


**Recommendations:**

- A **range of options for developing graduates' employability skills** should be considered, for example: specific post-graduate qualifications; internship and development programmes for both undergraduates and graduates; specific work-based modules; and simulated work experience.
- Work to **increase awareness** of new and existing programmes amongst students and graduates.
- More **information sharing** about programmes and good practice is important in order to contribute to a coherent regional response to graduate unemployment.
- **Co-ordination across departments** is essential in order to use the experience and knowledge from a variety of actors, including careers services and course related staff.
- It is also important for **businesses and universities to work together** in the area of graduate employability, ensuring relevant and useful information and services are provided to graduates.
- Schemes to increase employability should operate within a structure, **embedded within the curriculum of degree and masters programmes**, rather than operating as individual, piecemeal programmes. This would foster co-ordination between businesses and university departments whilst facilitating variety and expansion of employability support.



# Conclusions



Understanding the value of higher education and higher level skills to productivity, innovation and enterprise in a knowledge economy is paramount if economic recovery is to be sustained in the Yorkshire and the Humber region. It is also vital, however, that there is continued investment in graduate employability skills through interventions and schemes so that graduates entering the workforce have the skills required by employers and are able to compete in a tough job market. There should also be coherence and alignment of IAG and specific information and direction for those with higher level skills.

Focus should shift in the region from a graduate retention agenda to one of graduate utility, ensuring that the economic recovery does not lose momentum as a consequence of displacement in the job market and high levels of long-term unemployment amongst young people. This involves expanding the current relationships between business and universities and building on the existing work being done to develop graduate employability. Responsibility should not lie with individual actors; it is necessary for business and various university departments to work together, ensuring that Yorkshire and the Humber's graduates are equipped with the necessary competences required to be effective in the workplace, driving the region's economy forward.



**Yorkshire Universities** is a member organisation representing all the universities and higher education colleges in the Yorkshire and Humber region:

University of Bradford

University of Huddersfield

University of Hull

University of Leeds

Leeds College of Music

Leeds Metropolitan University

Leeds Trinity University College

University of Lincoln

Northern School of Contemporary Dance

Open University

University of Sheffield

Sheffield Hallam University

University of York

York St John University

