

# The graduate labour market: *an uncomfortable truth*

## What graduates do after leaving higher education

Universities throughout the UK contact graduates six months after graduation to ask what they are doing. They send their results to the Higher Education Statistics Agency (HESA), which publishes detailed figures for the whole country.

When HESA published the results of the 2014 Destinations of Leavers from Higher Education (DLHE) survey<sup>1</sup>, they drew particular attention to an increase in the percentage of graduates in employment:

Rise in professional employment, fall in unemployment

73% of 2013/14 UK domicile full-time first degree graduates said that working was their most important activity, up from 70% of 2011/12 leavers. Of those working, 69% were in professional occupations, compared to 65% two years ago.

If we take this at face value, almost exactly half of all first degree graduates were in "professional" jobs six months after graduating (69% of 73% = 50.4%).

On this definition, therefore, almost half of all recent graduates do not have professional jobs six months after graduating.

However, even this figure fails to tell the full story. The Higher Education Funding Council for England (HEFCE) has decreed that the term

"professional occupations" should encompass not just professional and managerial occupations, but a whole other category called "associate professional and technical occupations".

The truth is that it's not essential to have a degree to do these jobs: the Office for National Statistics (ONS) says they can be done by people with a "high-level vocational qualification, often involving a substantial period of full-time training or further study"<sup>2</sup>. Examples of associate professional and technical occupations include:

- Laboratory technicians
- IT user support technicians
- Dispensing opticians
- Youth and community workers
- Police officers (sergeant and below)
- Dancers and choreographers
- Fitness instructors
- Legal associate professionals<sup>3</sup>
- Financial and accounting technicians
- Estate agents

HESA uses HEFCE's definition of "professional occupations". But when the Edge Foundation looked at the figures more closely, we realised that associate professional and technical occupations account for around one in five of the jobs held by science graduates and more than one in three jobs held by graduates in non-science subjects.

And to repeat: the ONS says *you don't need a degree to do these jobs*.

<sup>1</sup> <https://www.hesa.ac.uk/pr/3646-press-release-219>

<sup>2</sup> Source: Table 2, <http://www.ons.gov.uk/ons/guide-method/classifications/current-standard-classifications/soc2010/soc2010-volume-1-structure-and-descriptions-of-unit-groups/index.html#5>

<sup>3</sup> Legal and related associate professionals perform support functions in law courts or law firms and provide services on legal matters such as insurance contracts, conveyancing etc

## A fairer picture?

To shed more light on the graduate labour market, Edge recast DLHE data, looking specifically at UK domiciled leavers who obtained first degrees in 2014. We created a new category of "graduate entry jobs", covering professional and managerial occupations but not associate professional and technical occupations.

The results show that job outcomes vary enormously across disciplines. Table 1 (page 3) shows the full breakdown by subject area.

Leaving aside graduates who go on to study for higher qualifications, are unemployed or take time out (eg to go travelling), the chances of getting a graduate entry job range from nearly 100% down to just 12%.

- Virtually every graduate with a first degree in medicine, dentistry and veterinary science finds a graduate entry job within six months of graduating
- The next best result - 85% - is achieved by people with degrees in subjects allied to medicine, such as nursing
- At the other extreme, only one in eight creative arts and design graduates (12%) are in graduate entry occupations six months after graduating
- The figure for law graduates is just 17% - around one in six
- More than 45% of employed graduates in business and administrative studies and creative arts and design have associate professional and technical jobs six months after graduating.

Against this background, it's not surprising that few graduates secure high salaries straight after graduating.

HESA's figures show that among students who studied full-time for a first degree and then found jobs, around 9% are on annual salaries of £30,000 or more six months after graduating.

Meanwhile, 44.7% earn less than £20,000 a year, and 46.3% earn between £20,000 and £30,000.

## Could there be something wrong with the definition of "associate professional and technical"?

Experts have suggested that the definition of "associate professional and technical" occupations needs to be revisited. In 2013, Peter Elias and Kate Purcell<sup>4</sup> proposed a new way of defining graduate level jobs based on "how jobs are constructed and the knowledge, skills and responsibilities that they encapsulate". They argued that their new approach "provides a useful and more instructive way of monitoring change in the labour market and the integration of graduates into employment".

Based on their analysis, Elias and Purcell suggested that 26 out of 65 associate professional and technical occupations could be re-designated as graduate occupations. Examples include authors, actors, photographers, aircraft pilots and insurance underwriters.

More recently, Francis Green and Golo Henseke have suggested that a "graduate job" should be defined as one in which "a substantial portion of the skills used are normally acquired in the course of higher education, its accoutrements and its aftermath"<sup>5</sup>. Their methodology also results in a number of associate professional and technician occupations being reclassified as graduate roles; to the list proposed by Elias and Purcell they add - for example - legal associate professionals and human resources and industrial relations officers.

Any definition is open to challenge and review. Job roles are not static. However, the fact remains that the jobs which Elias & Purcell and Green & Henseke wish to reclassify as graduate jobs can still be done by non-graduates. Indeed, Green & Henseke acknowledge this point themselves, noting that "It is quite common for non-graduates - especially older ones - to be employed in graduate jobs, having acquired skills through work experience and other channels".

<sup>4</sup> Classifying graduate occupations for the knowledge society, [http://www2.warwick.ac.uk/fac/soc/ier/futuretrack/findings/elias\\_purcell\\_soche\\_final.pdf](http://www2.warwick.ac.uk/fac/soc/ier/futuretrack/findings/elias_purcell_soche_final.pdf) accessed 29 July 2015

<sup>5</sup> Using a new indicator for 'graduate jobs', in Graduate Market Trends summer 2015 (HECSU), <http://edition.pagesuite-professional.co.uk/Launch.aspx?PBID=1f2f8a2f-9445-42f7-ad50-939cfe875e45> accessed 29 July 2015

**Table 1**

**UK domiciled leavers who obtained first degree qualifications in 2014 and were in employment six months after graduating, by type of occupation**

Subject studied	Professional and managerial occupations		Associate professional and technical occupations		Non-professional occupations	
	Number	%	Number	%	Number	%
Medicine and dentistry	6835	98.8	60	0.9	20	0.3
Subjects allied to medicine	20780	84.6	1905	7.8	1865	7.6
Biological sciences	4540	21.8	6395	30.8	9855	47.4
Veterinary science	525	97.2	5	0.9	10	1.9
Agriculture and related subjects	470	28.9	340	20.9	815	50.2
Physical sciences	2825	36.6	2210	28.7	2675	34.7
Mathematical sciences	1630	45.3	1095	30.5	870	24.2
Computer science	4455	56.6	1810	23.0	1605	20.4
Engineering and technology	7100	65.6	1995	18.4	1735	16.0
Architecture, building & planning	2810	56.1	1620	32.3	580	11.6
<i>Science subjects: total</i>	<i>51,970</i>	<i>58.1</i>	<i>17,430</i>	<i>19.5</i>	<i>20,030</i>	<i>22.4</i>
Social studies	6265	30.9	6550	32.3	7485	36.9
Law	1100	17.3	2810	44.3	2440	38.4
Business & administrative studies	3645	16.3	10185	45.7	8480	38.0
Mass communications & documentation	1260	20.2	2240	35.9	2745	44.0
Languages	3100	26.3	3605	30.6	5085	43.1
Historical and philosophical studies	2165	24.2	2620	29.3	4145	46.4
Creative arts & design	2860	12.0	10905	45.8	10020	42.1
Education	7125	60.1	1070	9.0	3670	30.9
Combined	645	35.1	445	24.2	750	40.8
<i>Non science subjects: total</i>	<i>28,165</i>	<i>24.8</i>	<i>40,430</i>	<i>35.6</i>	<i>44,820</i>	<i>39.5</i>
<i>All subject areas: total</i>	<i>82,140</i>	<i>40.1</i>	<i>57,860</i>	<i>28.2</i>	<i>64,850</i>	<i>31.7</i>

Source: Higher Education Statistics Agency "Destinations of Leavers from Higher Education 2013/14 Table 9f. Analysis excludes "unknowns" shown in table 9f. Percentages may not add up to 100 due to rounding.

## Commentary

The last 15 years have seen a massive expansion of higher education in the UK. In some disciplines, the number of graduates has increased by well over 100%.

Politicians across the political spectrum supported this rapid growth as a way to protect Britain's place in the global economy. If China, India and other emerging economies are producing record numbers of graduates, we need to keep up - or so the argument goes.

They also pointed to evidence that people with degrees typically earn more across a working lifetime than people with A levels or equivalent vocational qualifications. In other words, getting a degree isn't just good for the economy: it's good for individuals, too, because they benefit from a "graduate premium".

However, it is increasingly obvious that the pendulum has swung too far. As our analysis of DLHE data shows, graduates in many subjects are finding it increasingly difficult to get graduate entry jobs straight from university.

Furthermore, figures from the Labour Force Survey<sup>6</sup> show that the problem of graduate under-employment persists well beyond the first six months. In the second quarter of 2014, 44% of graduates who had left full time education within the previous five years were in non-graduate jobs.

This confirms earlier findings from a major study called Futuretrack<sup>7</sup>, which followed the fortunes of a large number of people as they went through higher

education and onwards into the labour market. Futuretrack identified significant graduate under-employment not just six, but thirty months after graduation. It also found evidence that the graduate premium is being eroded - more in some disciplines than in others.

Edge looked at the most recent longitudinal data to be published by HESA. The DLHE Longitudinal Survey of people who graduated in 2009 was carried out over the winter of 2012-13, and included questions about what they were doing at that time - that is, about three and a half years after graduating. As before, we classed professional and managerial occupations as a single category - graduate entry jobs - and listed associate professional and technical occupations separately.

Once again, the proportion working in graduate entry occupations varied widely, from 99.2% among graduates in medicine and dentistry down to 30.5% in mass communications and documentation. Table 2 shows that under half of all employed graduates in a range of arts, social science and humanities subjects had graduate entry occupations three and a half years after graduating.

*Table 2: percentage of employed graduates in graduate entry occupations three and a half years after graduating (selected subjects)<sup>8</sup>*

<i>Social studies</i>	<i>47.1%</i>
<i>Law</i>	<i>46.7%</i>
<i>Historical &amp; philosophical studies</i>	<i>41.9%</i>
<i>Creative arts &amp; design</i>	<i>31.8%</i>
<i>Business &amp; administrative studies</i>	<i>31.3%</i>
<i>Mass communications &amp; documentation</i>	<i>30.5%</i>

<sup>6</sup> Office for National Statistics, Percentage of employed recent graduates and non-recent graduates working in non-graduate roles, April to June 2002 to 2014, <http://www.ons.gov.uk/ons/about-ons/business-transparency/freedom-of-information/what-can-i-request/published-ad-hoc-data/labour/january-2015/percentage-of-employed-recent-and-non-recent-graduates.xls> accessed 28 July 2015

<sup>7</sup> Futuretrack Stage 4: transitions into employment, further study and other outcomes (2012), [http://www.hecsu.ac.uk/assets/assets/documents/Futuretrack\\_Stage\\_4\\_Final\\_report\\_6th\\_Nov\\_2012.pdf](http://www.hecsu.ac.uk/assets/assets/documents/Futuretrack_Stage_4_Final_report_6th_Nov_2012.pdf) accessed 28 July 2015

<sup>8</sup> Extracted from HESA, Destinations of Leavers from Higher Education Institutions Longitudinal Survey 2008/09, Table 8

## The skills mismatch

This portrait of under-employed graduates is all the more worrying when set against a backdrop of growing skills shortages in many sectors of the economy. In its most recent report on skills<sup>9</sup>, the CBI reported that -

- Demand for more people with higher-level skills is expected to be particularly strong in sectors central to growth such as construction (+73%), manufacturing (+69%) and engineering, science and hi-tech (+52%)
- Over half of businesses (55%) are not confident there will be enough people available in the future with the necessary skills to fill their high-skilled jobs.

Elsewhere, the UK Commission for Employment and Skills has forecast growing demand not just for STEM professionals (science, technology, engineering and maths) but also for skilled trades occupations<sup>10</sup>.

Lord Baker, chair of the Edge Foundation, has written extensively about the skills mismatch, most notably in a report published by Edge in 2014<sup>11</sup>. He said:

The situation is very worrying. Students who get good A level results and go to university will end up with debts well in excess of £40,000. They need to think very hard about the jobs they are likely to get when they graduate.

Based on Edge's findings, the prospects are not promising, for arts, humanities and social science graduates in particular.

The implications are obvious: we need better advice for young people, and more work-based paths to successful careers. You can be a fitness instructor or an IT technician without getting a degree: you earn while learning. And if you want, you can do a degree later.

## The implications for young people

It's clear that vast numbers of young people are capable of getting good degrees. But are they being pushed into going to university too soon? For the wrong reasons? Or into the wrong subjects?

Young people, parents and teachers need a much better appreciation of the vast range of opportunities offered in the modern economy. They need to know that going straight to university at 18 or 19 no longer offers a guaranteed fast track to a good job, particularly if they choose a degree in the arts, social sciences or humanities.

Other paths might be better for many young people. For a law career, for example, a legal services apprenticeship could be a good place to start. Advanced and Higher Apprenticeships allow people to learn while working and earning, and lead to associate professional roles such as litigation executive and senior paralegal.

Legal services apprenticeships are part of a broader group of apprenticeships in business, administration and law. Other apprenticeships in this area provide paths into accounting, insurance, banking, fundraising, human resource management and digital marketing. In the area of arts, media and publishing, apprenticeships are available in roles as varied as advertising, broadcast production, costume, design, journalism, photo imaging and sound engineering.

The trouble is that these routes are not well known or understood by teachers, parents or young people. Nor is it widely appreciated that people can go on to study for a degree after completing an apprenticeship - or in some cases, as part of an apprenticeship. In fact, a period of working, earning and learning might help young people make better choices when they do go on to higher education.

<sup>9</sup> Inspiring growth: CBI/Pearson education and skills survey 2015, <http://news.cbi.org.uk/reports/education-and-skills-survey-2015/education-and-skills-survey-2015/> accessed 28 July 2015

<sup>10</sup> Careers of the Future: Background Report, [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/385238/cotf\\_final.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/385238/cotf_final.pdf) accessed 28 July 2015

<sup>11</sup> The Skills Mismatch, [http://www.edge.co.uk/media/130721/the\\_skills\\_mismatch\\_march\\_2014\\_final.pdf](http://www.edge.co.uk/media/130721/the_skills_mismatch_march_2014_final.pdf)

## Recommendations

1. Young people deserve to be given good, clear information about all paths from school or college to work and careers.
2. In the short term, the Higher Education Funding Council for England (and by extension, HESA) should limit its definition of “professional occupations” to those jobs defined by the Office for National Statistics as professional and managerial. Figures for “associate professional and technical occupations” should be shown separately and properly explained.
3. In the longer term, the Office for National Statistics and the HEFCE should agree a new, shared definition of “graduate occupations”, to be used in all reports of graduate destinations.
4. Every effort should be made to present young people, teachers and parents with comprehensive information about apprenticeships and other paths from school to work, alongside fair and balanced information about direct entry to higher education.
5. No-one should shy away from the truth about graduate job prospects, even if it's sometimes uncomfortable.

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