

Graduate labour market showing signs of downturn – report

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A survey by the Institute of Student Employers finds grounds for optimism, despite real-terms salary cuts and hiring freezes

The graduate labour market is showing signs of a downturn, according to a report released today (19 October) by the [Institute of Student Employers](#) (ISE).

ISE's annual student recruitment survey found that graduate vacancies are set to increase 2% over the next year, down from a rise of 17% in 2021/22 and 9% the previous year.

Some employers said that they are experiencing a hiring freeze, or are currently uncertain of recruitment levels.

Real-terms wages are also down. Although the typical graduate salary of £30,921 is up 1.4% on 2021/22, the 8.6% inflation rate means that equates to a real-terms fall of 7.3%.

"We are concerned that, due to the current inflation rates in the UK, graduates are experiencing a real-wage decrease," said Stephen Isherwood, chief executive at the ISE.

"Employers tend to prioritise existing workers over new hires when they review salaries, but graduates entering the workplace often face higher accommodation and travel costs when they start employment."

While respondents to the survey reported that they would hire around 20,000 graduates over the next year, school leaver recruitment will increase from nearly 5,000 vacancies in 2021/22 to more than 6,000 vacancies this year.

Threat of a recession is the reason the majority of employers gave for plans to reduce recruitment in the coming years.

"Graduate recruiters are cautious in the current economic climate," said Isherwood. "Many face talent shortages, but our historical data shows that when the economy tightens hiring numbers decline."

That being said, 40% of employers claim that they are finding it difficult to fill graduate jobs. Staff shortages in certain sectors are ongoing, with around 10% of graduate vacancies going unfilled each year.

This may partly be explained by a drop in applications over the last year, with an average 62 applications per vacancy a sharp fall on the 2020/2021 figure of 91.

Another factor is graduates' renegeing on offers, which have reached an all-time high of 12% (up from 7% the previous year).

Despite the partly gloomy forecast for the graduate labour market, Isherwood maintains that work seekers have grounds for optimism.

"The majority of graduate programmes are now open for applications and employers are still recruiting more graduates than they did pre-pandemic," he said.

"Students should remain positive, but they need to apply early. Don't hang around, things may get tougher as we move through the year."