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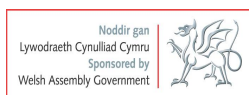
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Welsh Graduates and their Jobs

Employment and Employability in Wales Summary Report

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This summary sets out the findings of the main report as follows:

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The Institute for Employment Studies

The Institute for Employment Studies is an independent, apolitical, international centre of research and consultancy in human resource issues. It works closely with employers in the manufacturing, service and public sectors, government departments, agencies, and professional and employee bodies. For over 35 years the Institute has been a focus of knowledge and practical experience in employment and training policy, the operation of labour markets and human resource planning and development. IES is a not-for-profit organisation which has over 60 multidisciplinary staff and international associates. IES expertise is available to all organisations through research, consultancy, publications and the Internet.

IES aims to help bring about sustainable improvements in employment policy and human resource management. IES achieves this by increasing the understanding and improving the practice of key decision-makers in policy bodies and employing organisations.

Higher Education Funding Council for Wales

Our mission is to promote internationally excellent higher education in Wales, for the benefit of individuals, society and the economy, in Wales and more widely.

Working with partners, we deploy funds from the Assembly and others in order to:

- secure higher education learning and research of the highest quality
- maximise the contribution of higher education to the culture, society and economy of Wales
- ensure high quality, accredited teacher training provision across Wales.

Details of the study

Describes graduates and their jobs in Wales

During 2005, the Higher Education Funding Council for Wales (HEFCW) contracted the Institute for Employment Studies (IES) to conduct a study to inform higher education institutions (HEIs) and other key policy-makers in Wales about the Welsh graduate labour market.

HEFCW

HEFCW is an Assembly Sponsored Public Body responsible for funding higher education (HE) in Wales. It advises the Welsh Assembly Government on the funding needs, aspirations and concerns of the HE sector, and promotes Welsh interests in the wider UK HE arena.

Overview of employability initiatives and issues

The research was a response to recent imperatives: that Wales should embrace the knowledge economy, and that its HEIs should play their part in producing graduates with appropriate skills and able to meet the needs of Welsh employers. It was also important for the research to examine the changing nature of graduate jobs and how graduate employability policies might be further developed, and to see how Welsh experiences compared with other and similar regions.

Involved stakeholders, employers and literature/data review

The study involved three main strands:

- a review of relevant literature and data sources, including an analysis of data from two large national data sources (the Labour Force Survey and the Destinations of Leavers from Higher Education survey)
- interviews with a range of stakeholders and representatives of all careers services operating within Welsh HEIs
- a telephone survey of 500 employers operating in Wales and face-to-face interviews with 23 graduate recruiters.

Full details available in separate report

This document is a summary of the key findings from this research. Full details of all research elements and the detailed findings are available in a separate document:

Welsh Graduates and their Jobs: Employment and Employability in Wales, produced by IES and HEFCW and available to download from the HEFCW website:

www.hefcw.ac.uk.

Main messages

Demand and returns for graduates remain strong

There is **no evidence of a decreasing demand for graduates in Wales**, and the increasing upwards trend in demand seems likely to continue, at least in the short to medium term.

There is **some evidence of a small decline in the scale of economic returns** on HE qualifications compared with a decade before and the value that a degree brings may be weakening somewhat, mainly because of increased supply.

There is, however, **still a clear wage premium** associated with having higher level qualifications and, while wages in Wales are lower than most other UK regions, including those of graduates, this is not because of lower returns on HE specifically but rather lower relative wages as a whole.

Employment rates for graduates are extremely high and graduates in Wales can realistically expect good employment outcomes.

A high proportion of graduates in Wales work in high-level jobs – over four out of five. The position of Wales compared with other UK regions on these measures is good.

Gender bias in work that graduates are taking up is not changing among younger graduates despite the fact that women's participation in HE now outstrips that of men.

Female graduates are more likely to stay in or come to Wales in the initial period after graduation, so these gender biases could be of particular concern to Wales given the different profile of degree subject choices made by men and women.

Outward migration in line with other regions

Wales is, overall, a net exporter of graduates to other regions of the UK, but no more so than a number of other UK regions, and the only region successfully importing graduates is London. Male graduates and those aged 24 or less, are slightly more likely to leave Wales as are those with postgraduate-level qualifications.

Although **Wales tends to lose its more highly qualified home-grown graduates, it also attracts the highly qualified** from other areas of the UK. Given the large numbers of English-domiciled students who choose to study in Welsh HEIs, there would seem to be an opportunity to encourage these graduates to stay following graduation. Around a third of employers in Wales are graduate recruiters, and this includes a range of small and medium-sized businesses. Changing the perception that Wales doesn't offer graduate jobs because it has fewer large employers would seem a vital part of encouraging graduates to stay. Jobs are available, but perhaps they are not as visible as ones outside Wales.

Graduate employability initiatives lead the UK

Wales is at the forefront of employability initiatives in the UK and this is worthy of greater recognition both inside and outside Wales.

The kind of preparation and skills graduates need in Wales are different because of its employer profile, and HEIs are recognising this. There are also sectors where graduates have to seek opportunities outside Wales.

Despite building strong relationships with some key employer groups, eg larger and public-sector employers, **breakthroughs with smaller, private-sector employers are proving difficult** to make. Given that the vast majority of Welsh businesses with the potential for offering graduate employment in the future are smaller, private businesses, there is still work to be done.

Can Welsh HEIs be expected to change this situation? Even given the successes of **GO Wales as a tool to strengthen employer links**, this is a key question for the employability agenda. Work experience is valued by many smaller employers, and the continuing focus on this element of GO Wales is entirely appropriate.

Good place to live, but good place to work?

Wales is attractive to graduates for a number of work-life balance factors and many graduates are keen to stay or return to the region for work.

This is **offset by a lack of awareness of what the Welsh economy, with all its variations, can offer**. Wales has fewer of the most immediately lucrative types of jobs such as those in the financial services or commercial functions of large enterprises.

The situation in Wales is no different from that of many other UK regions and those graduates who stay in Wales or move into Wales to work do well with regard to their employment rates and the level of job they obtain.

Producing **more Welsh-specific information** about careers and opportunities could help to better notify graduates of what Wales can and can't offer, leaving them to make more informed choices about their future in relation to Wales.

What do graduates offer?

There is **little current research on the business benefits that graduates bring**, and little robust data to share with employers. There is certainly nothing which could answer some of the specific questions relevant to many Welsh employers.

The debate has focused on getting graduates into jobs, rather than graduates getting on in jobs. Future research should therefore consider whether there is a need for more graduate-level skills in the workplace or simply the need to make better use of them in work.

Setting the scene

Greater student numbers and diversity

HE in Wales, as in the UK as a whole, has been growing and there is now greater student diversity (eg more older, minority ethnic and lower socio-economic entrants). The rate of change has slowed in recent years and differences in HE participation by social class, and also between geographical areas, remain. **Cross-border flows between England and Wales are significant.**

The subject balance delivered within HE has changed, with more flexible learning delivery, new vocationally orientated and work-based learning programmes, a greater focus on employability skills in the curriculum and significant changes in student financial arrangements.

'Graduate jobs' changing

The economy has, to date, absorbed the increased graduate supply well, but **the graduate labour market has become broader and more diversified.** The vast majority of Welsh graduates do not take up traditional kinds of graduate posts in large companies but go to a wide range of employment or further study. This includes around **one-third who take jobs where their degree is initially not seen as a requirement.**

Graduate salaries range widely, and average salaries in Wales are among the lowest of any UK region, reflecting lower overall salaries rather than a reduced return to their degree. The vast majority of graduates are likely to be in 'graduate jobs' four years after graduation and are mostly satisfied with their careers. **UK graduates have one of the highest rates of return to their degree in Europe.**

HEI/employer links vary in strength

Graduates are less likely to be employed in smaller firms in general, and HEI careers information has been dominated by opportunities in larger firms. Graduate recruiters are increasingly using Internet technology (eg web-applications) along with other recruitment methods, but smaller Welsh employers are still likely to be using mainly traditional methods (eg newspaper advertising).

GO Wales is seen as a successful example of promoting partnerships between HEIs and local employers. The trend is for students to use HE careers services in more varied ways, less for job search, more for advice and guidance. HEI careers services can also serve as an important link between HE and employers and many are becoming more integrated within the curriculum.

Working Graduates

Welsh employment matches rest of UK...

Graduates in Wales have high employment rates, and patterns of employment are similar to the rest of the UK, as are the proportion of graduates working in jobs which require a degree.

There is no evidence that Welsh employers are any less likely to take on graduates, despite the very high levels of graduates and postgraduates that exist in the Welsh working-age population, or that they offer a greater proportion of non-graduate roles than in the rest of the UK.

... but public sector plays strong role

The public sector is a major employer across the whole of the UK but particularly so in Wales (eg education is a huge graduate employer). There are fewer opportunities for graduates in the finance and business-services sector in Wales. This has implications for the types of graduates who are likely to be employed in the Welsh economy, and therefore the type of impact they can make upon it.

Graduates can still expect financial returns

During the most recent period, returns on higher degrees and first degrees were not

as high as they were a decade before. Does this mean that there are fewer reasons to take up degree-level study? This is a particularly important question given students' increasing reliance on loans, and the requirement to pay fees.

The answer would seem to be no. **Graduates still have a positive return on their degrees, particularly those with higher degrees.** First-degree holders earn more than those with lower-level qualifications who could have entered HE to study for a degree.

Slight decline, but overall stable

Returns on first and higher-level degrees have shown signs of minor decline over the last decade. However, as there are now higher proportions of graduates with higher-degree-level qualifications, and as the return for this group is higher, the overall decline for anyone holding a degree (either first or higher level) has remained relatively constant relative to non-graduates holding other higher-level qualifications or A-levels.

Any future debate on graduate wages must continue to distinguish between degree-level qualifications and higher-degree qualifications.

Graduate Migration

Greater movement in and out by high achievers

There is a complex picture of migration in and out of Wales, in terms of higher-achieving graduates. **While Wales loses some of its own high achievers to the rest of the UK, the graduates it attracts from outside are also high achievers.**

This is not a phenomenon unique to Wales, and reflects the fact that the best opportunities attract the best graduates. Where Wales does offer good jobs, there is no evidence that these are particularly hard to fill because they are located in this region.

Welsh picture mirrors other UK regions

The net outward migration of graduates is no greater for Wales than for many other UK regions. In fact the problem in Wales is no greater than the average for the UK as a whole. Concerns about the loss of talent for Wales, therefore, need to be considered in this context, and not overstated.

Different patterns for different groups

The migration patterns of graduates are different according to a range of personal and educational characteristics. Women

appear less mobile, while graduates aged 25 to 29 are the age group most likely to leave.

There could therefore be different occupational 'drivers' for these different groups. It is widely researched, for example, that men are more concerned with salaries than women. Is this something that Wales needs to accept, or something that the region can exploit?

Need for longer-term data

At present mobility data on graduates are limited to a very short-term picture. The main source of data on graduate mobility (HESA DHLE) currently only provides information on graduates for the six months following their graduation.

From this fairly limited source we know that graduates returning to Wales take a little longer to settle into jobs. Any conclusions drawn about graduate migration in Wales are, however, based on incomplete data.

There are plans, through the HESA extension to the first destinations survey, to remedy this at a UK level. Ensuring that Wales is well represented in this future research should, therefore, be a priority. If insufficient numbers of graduates are tracked with a Welsh connection, little more will emerge about Welsh specific issues.

Demand for / by Graduates

Private sector has lots to offer

The public sector offers some of the vacancies that graduates are most likely to know about in Wales but private-sector employers also have a lot to offer. Smaller employers can give a flexibility and 'all-round' experience that many larger employers cannot. Progression in private-sector employers can often occur at a pace not possible in many roles in the public sector.

If smaller and/or private sector employers can't compete with the higher public sector starting salaries, they need to sell the other or additional benefits that they *can* provide.

The way in which the local area is perceived can be just as important in attracting talent as the job on offer. This could affect graduates' patterns of job search too. If a region is thought to offer few opportunities, it is likely that it would not form part of any focused job searching. **Some areas of Wales are particularly vulnerable to these perceptions.**

Lack of opportunities in financial services

The financial services industry is relatively undeveloped as a graduate employer in Wales. The lack of opportunities means that graduates with an interest in the area are likely to leave the region and take their skills elsewhere. This, in turn, is likely to

lead to a lack of development in the sector and little growth in the opportunities needed to attract skilled individuals back in. This cycle will need to be broken if the sector is to expand.

Better self promotion needed

As the pool of graduates continues to diversify, with more women and older graduates, for example, in the graduate population, **stressing quality of life issues (eg lower house prices, access to the outdoors) could offer a distinct regional advantage.** A better work-life balance could help to compensate for the lower average-salary levels.

Recruitment strategies key

Graduate employers tend to be more sophisticated in the techniques they use, and use a wider variety of methods, particularly those in the public services. It could therefore be the case that graduate employers simply have a higher profile generally, rather than because they specifically focus their efforts on reaching graduates. Just over one-half of employers have graduates who are working in non-graduate jobs in Wales, so this could certainly be the case, at least in the early stages of graduate careers.

Developing more varied and sophisticated recruitment methods would therefore seem an important way forward for Welsh employers.

Graduate Employability

Strong but varied HEI approaches

Wales provides a comprehensive careers service within its HEIs, but there are pronounced variations in how this is delivered. Careers service provision appears most responsive when it operates as a core and central part of the institution, is involved in departmental decision-making and is consulted regularly on how to improve the student experience. Careers service staff need to be seen to be involved in decision-making at the highest levels and their role as consultants on graduate employability effectively promoted.

Work experience and enterprise skills promoted

Employability initiatives such as work placements and career management support are beneficial. Given the high employment rates overall, the focus at institutional level is increasingly on getting graduates into good jobs, not just any job. The employer profile of some areas of Wales, however, means that the emphasis can also be on skills related to self-employment and enterprise.

Employer links building, but need strengthening

Despite the best efforts of careers services, **a large proportion of Welsh employers still have little or no contact with HEIs**

and do not see any benefit in employing graduates.

In the absence of labour market information or research that can provide HEIs with the tools to demonstrate the bottom-line business benefits that graduates can bring, it is difficult to see how Wales can stimulate demand for and awareness about graduates. Steps have to be taken if the potential latent demand for graduates is to be converted to real graduate and business opportunities.

Employer / graduate contact helps inform both

The closer that students can be linked to local employers during their time within Welsh HEIs, the more likely both parties are to want to continue links following graduation. Therefore, in institutions where employability is not a core part of degree curricula, or built into the student experience as a matter of course in some other way, the risk is that graduates will be ill prepared for, and ill informed about opportunities in Wales.

The GO Wales programme has been one very successful way for HEIs and their graduates to build relationships with employers in their local communities. The challenge is to embed the lessons learnt from this initiative to ensure long-term sustainability.

Moving forward

There are a number of recommendations that emerge from the research. These include:

Exploit existing LMI more effectively

Allocate resource/expertise within Wales to better labour market information (LMI) including compiling regional and Wales-wide LMI. This should build on the existing knowledge of careers staff and take steps to formalise the 'grey' or informal information that experienced individuals within careers services already use on an on-going basis. HEFCW would seem ideally placed to take this forward.

Continue to raise the profile of the employability agenda

This will require a more focused and systematic approach. HEFCW could take a greater role in linking HEIs and employers. Linking with existing employer networks could be a useful starting point where employers with a track record of success in working with graduates could help to articulate the business benefits they have experienced.

Establish 'brand' Wales

Develop a more strategic marketing PR strategy to address critical issues for Wales. This should encompass the

diversity of Wales, as well as address the possible negative perceptions of the reduced earning power of graduates in Wales. The PR could be targeted at both graduates and employers, but with clear messages for each, drawing on the experience of GO Wales users.

Reach out to students

Reaching students should be possible by tapping into existing national mailings, and could also exploit the growing use of the Internet by both students and employers as a recruitment tool. Wider marketing could also take place utilising the role of local authorities as a conduit for student funding, by capturing potential students pre-entry, before they take the decision to leave Wales.

Keep an eye on wages

Monitor more closely changes to graduate earnings and the graduate wage premium. Accurate and up-to-date graduate earnings data are becoming more important for students as a factor in decision-making. HEIs also need timely information on how changes could affect costs and supply.

Data which highlight trends in the graduate market will also offer the strongest evidence to policy-makers who need to address and understand employability in both the short and longer term.

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