Graduates in the Labour Market, 2012

Animated YouTube video

A podcast explaining this story using audio commentary and graphical animations is available on the ONS YouTube channel.

Recent graduates more likely to work in lower skill jobs than a decade ago

Rise in percentage of recent graduates in lower skilled jobs

The percentage of recent graduates, people who completed a degree or higher education qualification within the last six years, employed in lower skilled jobs has increased from around 26.7 per cent in 2001, or just over one in every four recent graduates, to around 35.9 per cent, or more than one in three recent graduates in the final quarter of 2011. Higher skill jobs generally require competence through post-compulsory education whereas lower skill jobs tend to require competence only through compulsory education.

Over the same period the population of recent graduates who are no longer in education has increased by over 41 per cent, or 438 thousand, and currently stands at 1.50 million people.
Recession impacts most on recent graduates

From 2001 until the start of the recession in 2008 the employment rate for recent graduates was generally higher than that of all graduates regardless of the length of time since graduating. This is mainly because recent graduates are more likely to be younger and looking to enter the workforce, while for all graduates there are some that are older and not seeking work, for example they are looking after their family.

In April to June 2008, the first quarter of the recession, the employment rate for recent graduates was 90.2 per cent, falling by 3.7 percentage points to 86.5 per cent in July to September 2009, the first quarter after the recession. Over the same period for all graduates the employment rate fell by 1.3 percentage points, from 88.5 per cent to 87.2 per cent. Note that the fall in employment for recent graduates will have affected the employment rate for all graduates.
Graduates typically have higher employment rates than non-graduates and in the final quarter of 2011, 86.0 per cent of all graduates were in work compared with 72.3 per cent for non-graduates. Non-graduates have a higher rate of inactivity, 20.9 per cent compared with 10.1 per cent for all graduates. Higher rates of inactivity due to looking after the family and long-term sickness or disability are the main reasons for the higher inactivity rate among non-graduates. This is partly explained by non-graduates being made up of an older population than graduates. Around 31 per cent of non-graduates were aged 50 to 59 (women)/64 (men) compared with 25 per cent of all graduates. However, unemployment is also higher for non-graduates, 8.7 per cent compared to 4.3 per cent for all graduates.

**Employment rate by graduation type, Q2 2001 - Q4 2011, UK**

UK, seasonally adjusted

Source: Labour Force Survey - Office for National Statistics

Notes:
1. Recent graduates looks at everyone who has graduated within the six years of the survey date
2. Looks at people aged 21 to 59 for women and 21 to 64 for men
3. People who are no longer in education

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**Medicine and science degrees result in highest pay for graduates**

Median hourly earnings for all graduates aged 21 to 64 over the four quarters of 2011 was £15.18, 70 per cent more than for non-graduates which stood at £8.92. Focusing on degree subject studied, those with a degree in medicine or dentistry had the highest median earnings at £21.29. Graduates
with an arts degree had the lowest median hourly earnings at £12.06, around 21 per cent lower than the average for all graduates. However, graduates regardless of subject studied had higher average earnings than non-graduates.

**Median wage for all graduates aged 21 to 64, 2011 (four quarter average) by degree subject, UK**

![Chart showing median wage by degree subject]

Source: Labour Force Survey - Office for National Statistics

**Notes:**
1. Looks at people aged 21 to 64
2. People who are no longer in education
3. All graduates includes those who did not specify the subject studied

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**Around one new graduate in every five available to work is unemployed**

The unemployment rate for new graduates, those who graduated within the last two years, tends to be higher than for those people who graduated 2 to 4 and 4 to 6 years ago. One of the reasons is that new graduates are just entering the job market and beginning to look for work while older graduates have had more time to find a job.
The unemployment rate for new graduates stood at 18.9 per cent in the final quarter of 2011, so for every five new graduates looking to enter the labour market, around four were in work and one was unemployed. The rate is slightly lower than the peak of 20.7 per cent following the recent recession. It is also lower than the rate following the 1990’s recession when it peaked at 26.9 per cent in 1993.

The unemployment rate for those who graduated 2 to 4 years ago stood at 6.7 per cent in the final quarter of 2011. For those who graduated 4 to 6 years ago, the rate stood at 4.4 per cent. The unemployment rate for everyone in the UK regardless of age or qualification stood at 8.4 per cent in the same period.

London population has highest percentage of graduates
% of 21 to 64 population no longer in education that are graduates across the UK, 2011 (four quarter average)

Source: Labour Force Survey - Office for National Statistics

Notes:
1. Looks at everyone who has graduated aged 21 to 64
2. People who are no longer in education
3. Four quarter average in 2011

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Looking at the percentage of the population in each region that consist of graduates, London had the highest in 2011 at 49 per cent. Northern Ireland, the West Midlands and the North East had the lowest at around 28 per cent.

One of the main reasons for the variations across the country is the types of jobs within each region, and within the neighbouring regions that they might travel to for work. For example, splitting the types of jobs up into four different skill levels, from low to high, 34 per cent of jobs in London were in the highest skilled group. Yorkshire and The Humber and the North East had the lowest percentage of high skill jobs at 23 per cent. Graduates are more likely to work in high skill jobs and therefore may be more likely to move to London for work rather than to regions where there are fewer high skilled jobs available.

Another difference is the age profiles across the regions with London having a younger population than the rest of the UK. The age group with the lowest percentage of graduates is those aged 50 to 64 and just 25 per cent of the London population aged 21 to 64 is within this age group. Across the
other areas over 30 per cent of their populations are aged 50 to 64, with it as high as 37 per cent in the South West.

**Background notes**

1. The unemployment rate is the number of unemployed people divided by the economically active population in that category. The economically active population is defined as those in employment plus those who are unemployed.

2. The length of time since graduation is calculated by subtracting the age an individual left full-time education from their actual age.

3. A graduate is defined as an individual who has completed the first stage of tertiary education. [More information may be found on the ONS website.](#)

4. Analysis based only on those individuals who report being ‘not enrolled on course’. This analysis, therefore, excludes people who are both in education and in employment.

5. Occupations can be grouped by the skill level required according to the following guidelines:

   - **Low** - This skill level equates to the competence acquired through compulsory education. Job-related competence involves knowledge of relevant health and safety regulations and may be acquired through a short period of training. Examples of occupations at this level include postal workers, hotel porters, cleaners and catering assistants.
   - **Lower-middle** - This skill level covers occupations that require the same competence acquired through compulsory education, but involve a longer period of work-related training and experience. Occupations at this level include machine operation, driving, caring occupations, retailing, and clerical and secretarial occupations.
   - **Upper-middle** - This skill level equates to competence acquired through post-compulsory education but not to degree level. Occupations found at this level include a variety of technical and trades occupations, and proprietors of small business. For the latter, significant work experience may be typical. Examples of occupations at this level include catering managers, building inspectors, electricians and plumbers.
   - **High** - This skill level is normally acquired through a degree or an equivalent period of work experience. Occupations at this level are generally termed 'professional' or managerial positions, and are found in corporate enterprises or governments. Examples include senior government officials, financial managers, scientists, engineers, medical doctors, teachers and accountants.

6. Details of the policy governing the release of new data are available by visiting [www.statisticsauthority.gov.uk/assessment/code-of-practice/index.html](http://www.statisticsauthority.gov.uk/assessment/code-of-practice/index.html) or from the Media Relations Office email: [media.relations@ons.gsi.gov.uk](mailto:media.relations@ons.gsi.gov.uk)

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