

**Getting
Results**



Universities
UK

APRIL 2022

Busting graduate job myths

#GettingResults



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Introduction

We need to address misconceptions about graduate jobs. Some say that there are too many people going to university, and others have spent many years lamenting that they cannot find the graduates they need.

What is the actual state of the graduate labour market? How many graduates actually are there? How do we define a graduate job, and how many people are there in them? And what does the future hold for the graduate jobs market?

If we don't address these questions directly, then misconceptions arise. That leads to mistaken action. And above all, it means that talented young people who have worked hard for their skills and qualifications aren't helped to find the right jobs for them.

This report aims to:

- confront some of the myths about the graduate labour market that have gone unchallenged for too long
- address what we know about graduate supply and demand, and look at how a better understanding of the issues may be developed
- break down the most common quoted measures and data in these debates, and look at how we can use them to best understand our changing labour market

About the author

Charlie Ball is [Jisc's](#) in-house specialist on the graduate labour market. He researches and analyses all things to do with post-18 employment, including regional economies, skills supply and demand and postgraduate issues, usually with a careers and employability perspective.



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Myth 1: ‘Everyone goes to university nowadays’

Is higher education the ‘norm’ for young people now?



Summary

For some years, there's been debate about how much of the population should go to university.

Just under half (48.5%) of the UK workforce had a degree or equivalent qualification at the end of 2020. But over half do not, and never have.

Many people who access higher education will take unconventional or diverse routes to getting a qualification, and this is valuable.

Where does this debate come from?

In 1999, Tony Blair set the target of 50% of young people going to university. But since the 1960s, there have been worries about so much of the population going to university.

In 1960, the writer Kingsley Amis rallied against the prospect of the proposed expansion of UK universities and 'the pit of incapacity and ignorance into which British education has sunk since the war'.

In 1963, the Robbins Report called for an expansion of the higher education sector to the point where the student population was anticipated to be well over 200,000 in the middle of the 1970s. It also saw the formation of a new wave of 'plate glass' universities.

Some, such as the University of Bath, Loughborough University, Newcastle University and many others, were formed from colleges of advanced technologies or by separating existing institutions. Others, such as Lancaster University, the University of Stirling, the University of Warwick and the University of York, were created as entirely new institutions. Many of these universities are now among the most respected and prestigious in the country.

Breaking down the data

The Office of National Statistics (ONS)'s Annual Population Survey estimates that there were over 15 million people with degree or equivalent qualifications working in the UK at the end of 2020, and that 43% of the UK working age population (aged 16–64) had a degree or equivalent.

At the end of 2020, [Universities and Colleges Admissions Service \(UCAS\)](#) data showed that 37% of 18-year-olds were accepted to university through UCAS. Not everyone applies to university through UCAS, but this figure is quite a distance below the 50% or more often quoted.

**At the end of 2020
43% of the UK working
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equivalent.**

Meanwhile, [Organisation for Economic Co-operation and Development \(OECD\)](#) data shows that 49.4% of 25–64-year-olds in the UK have been in tertiary education. The OECD's definition of 'tertiary education' also includes vocational courses that do not fit the conventional idea of 'university degrees', but which have equivalence, so this comes out slightly higher than ONS figures.

The most influential figure in this debate is the [Higher Education Initial Participation Rate \(HEIPR\)](#) measure produced by the Department for Education. The HEIPR is a complicated measure that is sometimes misinterpreted, and is not actually a measure of participation rates in higher education. It instead calculates participation rates for first-time entrants by age to show the likelihood of a 17-year-old participating in higher education by the time that they are 30.

In 2018, that measure stood above 50% for the first time. It was [reported](#) widely that half of young people went to university.

Using different measures

The HEIPR has a number of issues. First, it's not a rate; it's a probability. It is also subject to some subtle issues that mean that the figure tends towards a slight overstatement. These include separating populations by region (an issue if people move), and the fact that estimates for particular entry cohorts do not account for participation growth over time.

A new method using the [National Pupil Database data](#) allows a more nuanced and accurate examination of participation rates. The data can now examine the attainment of individuals up to the age of 32 for the earliest entry cohort of 15-year-olds at Key Stage 4 in 2001–2. This new measure shows that no cohort examined has reached a participation rate in higher education of 50%. Indeed, 48.3% of young people from 2011–12 had experienced higher education by the age of 22.

Figure 1: Progression to Higher Education by age and year

		Progression to higher education by age													
		17	18	19	20	21	22	23	24	25	26	27	28	29	30
Year aged	03/04	0.1%	22.9%	33.8%	37.1%	38.8%	40.0%	40.9%	41.5%	42.0%	42.4%	42.8%	43.1%	43.4%	43.6%
	04/05	0.0%	23.3%	34.8%	38.2%	39.9%	41.0%	41.7%	42.4%	42.9%	43.3%	43.6%	43.9%	44.2%	
	05/06	0.0%	22.2%	36.2%	39.6%	41.2%	42.2%	42.9%	43.7%	44.2%	44.6%	44.9%	45.2%		
	06/07	0.1%	25.0%	37.3%	40.7%	42.1%	43.1%	44.0%	44.8%	45.2%	45.6%	45.9%			
	07/08	0.0%	25.1%	38.0%	40.9%	42.4%	43.6%	44.5%	45.2%	45.7%	46.1%				
	08/09	0.0%	28.5%	38.4%	41.5%	43.3%	44.4%	45.3%	46.1%	46.5%					
	09/10	0.1%	26.2%	38.5%	42.3%	44.0%	45.2%	46.1%	46.8%						
	10/11	0.1%	27.7%	40.8%	44.2%	45.8%	46.9%	47.8%							
	11/12	0.1%	29.0%	42.2%	45.6%	47.2%	48.3%								
	12/13	0.2%	29.8%	42.7%	46.1%	47.7%									
	13/14	0.2%	30.9%	43.7%	47.0%										
	14/15	0.2%	31.0%	43.2%											
	15/16	0.2%	31.4%												
	16/17	0.2%													

Source: Department for Education (November 2020) '[Progression to higher education by age – a cohort measure](#)'

It's important to stress that although the majority of that group had taken standard bachelor's degrees at university, the measure also includes young people who had taken vocational qualifications. The data strongly suggests it is likely that, in time, a majority of one of the more recent cohorts will have participated in some form of higher education by the time they reach 30.

Conclusion

So, do 50% of young people go to university? It's not really possible to definitely answer 'yes'. Over 40% certainly do and, over time, it looks likely that there will be a cohort of young people of which the majority will go through higher education or an equivalent of some kind.

However, it's not true that over half of 18-year-olds go straight to university. They never have, and the data suggests that it is unlikely in the near future that they will.

Even if half of the 18-year-olds from 2021 achieve a higher education qualification, many will do so later in life, or take unconventional and diverse routes.

Many critics of the current system suggest that it would be better for more people to achieve qualifications through routes other than the 'conventional' pathway of taking a traditional bachelor's degree at university directly from school. The data shows that it would take only a small change in the way it is reported to show that this is already happening.

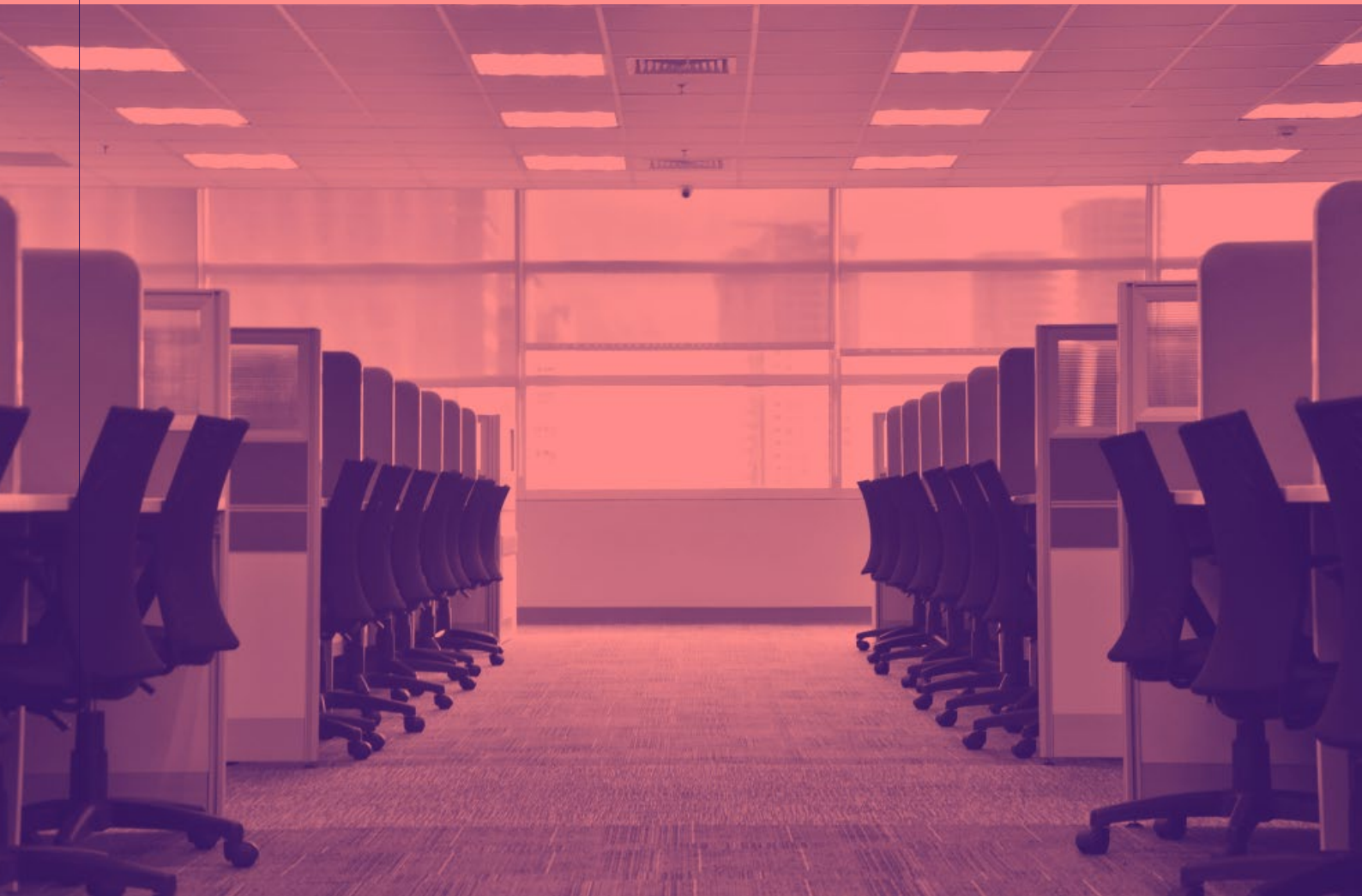
It's a measure of a well-designed, coherent and appropriate modern education and skills system that there will be many pathways to equivalent training that suit different people and complement one another.

It's a measure of a well-designed education and skills system that there will be many pathways to equivalent training that suit different people.



Myth 2: 'There aren't enough graduate jobs'

Has there ever been a 'golden era' of graduate employment?



Summary

It's hard to tell how many graduate jobs there are or how many graduates are in graduate jobs, in part because it depends on how you measure what a graduate job is.

There have been fewer graduate jobs during periods of high unemployment, such as during recessions.

Institute of Student Employers (ISE) data shows that the number of graduate vacancies is now 20% higher than in 2019 before the Covid-19 pandemic. Job vacancies for graduates are expected to increase by more than a fifth (22%) in 2022 compared to 2021.

Data shows that most graduates are in jobs for which a degree is an appropriate qualification. There's little strong evidence that the graduate labour market was better in the past.

Breaking down the data

It's difficult to chart historic data for employment in graduate jobs. Although graduate outcomes figures have been systematically collected in the UK for around 60 years, for much of that time data has been collected about the industries graduates enter, rather than the jobs they do in those industries.

Different ways of measuring graduate employment take different views on what a graduate actually is and how to measure whether a job requires a degree or equivalent qualification.

For example, in their SOC(HE) classification, Peter Elias and Kate Purcell at the University of Warwick's Institute for Employment Research take the view that knowledge is the key quality gained from a higher education degree. They therefore conclude that technician roles are not graduate-level jobs. Likewise, in the ONS classification, a degree is not the only appropriate qualification level for these roles.

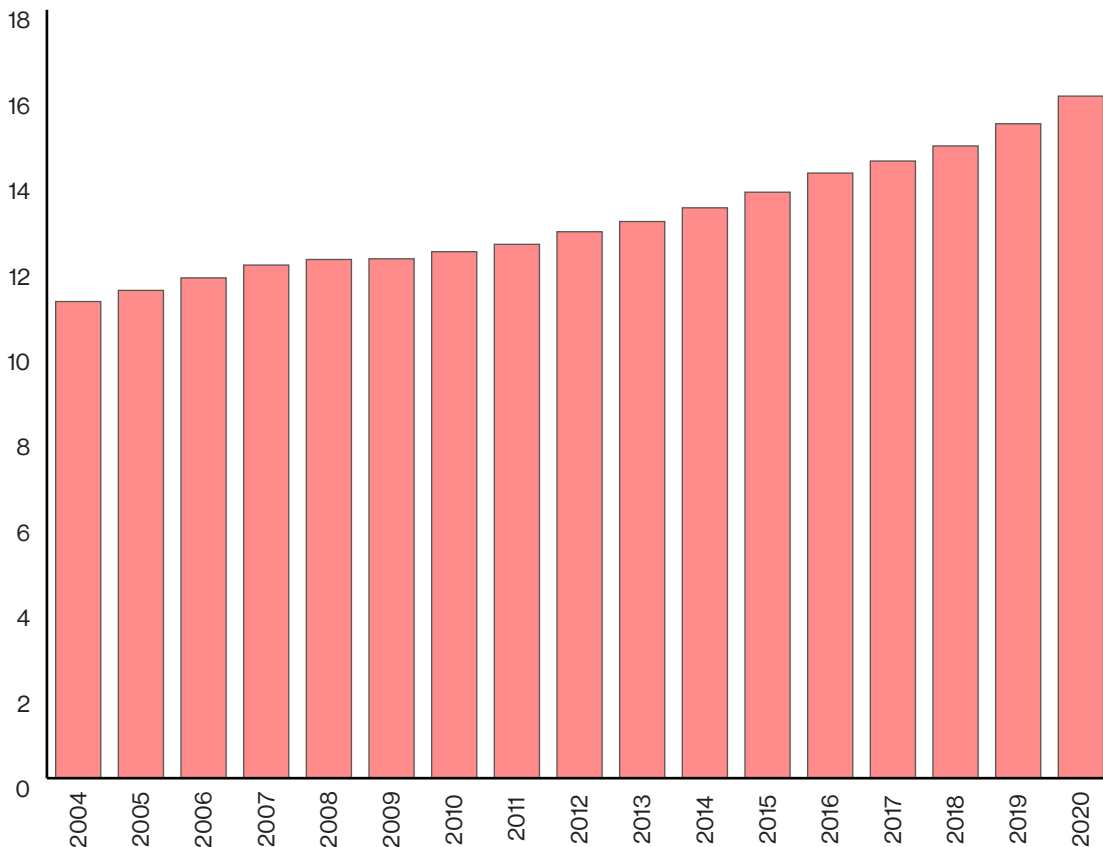
How many graduates are in 'professional' jobs?

In the last 16 years, around 6.6 million degree-educated workers have entered the workforce, which means the proportion of the UK workforce with a degree or equivalent has increased from 30.3% in 2004 to 48.5% in 2020. At the present rate of increase, we are probably a year at most from the point where most UK workers will have a degree or equivalent.

The most accessible way of categorising graduate jobs is to use the 'professional level' jobs measure. This is the official measure used by organisations like the [Office for Students](#) in graduate employment metrics. This measure considers categories 1–3 of the [9 major categories](#) in the ONS' Standard Occupational Classification (SOC) system of employment as 'professional level'.

Using this data for the period 2004–2020, we see a pattern.

Figure 2: UK employees in Standard Occupational Classifications 1–3 (millions)



Source: Department for Education (2020) Progression to higher education by age: A cohort

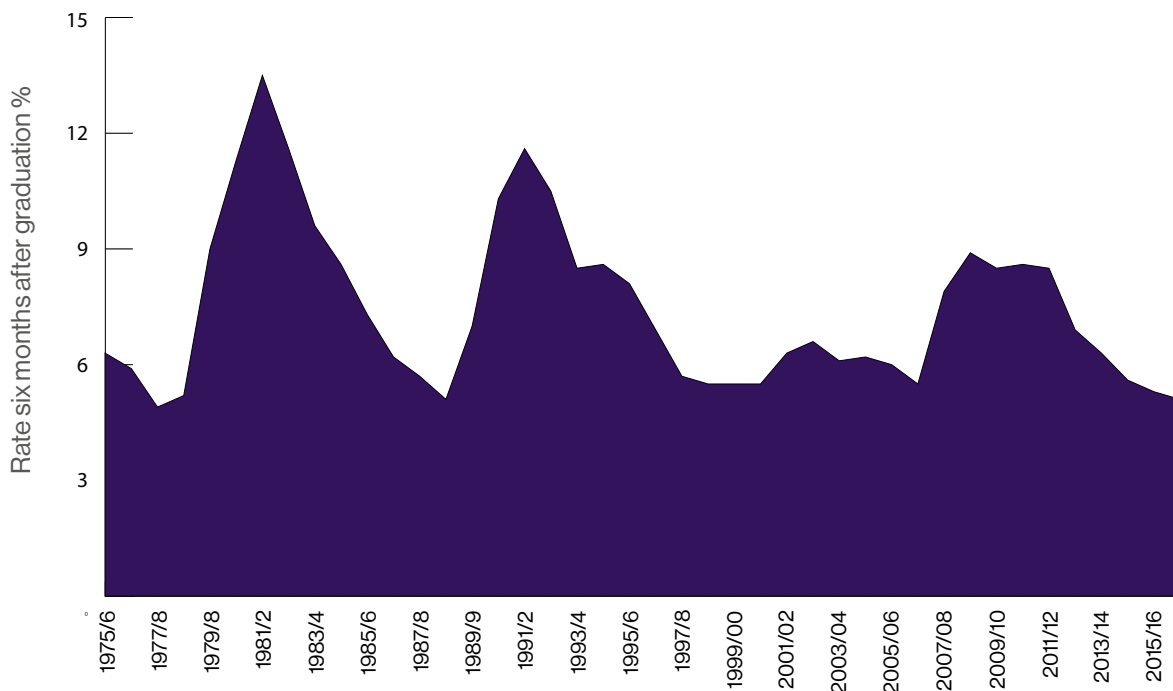
While the gap between workers with degrees and graduate jobs has shrunk since 2004, there were still fewer UK workers with degrees in 2020 than there were jobs for people at professional level.

The ONS [Annual Population Survey](#) estimates that there were **15,053,100** people with degree or equivalent qualifications working in the UK at the end of 2020. By looking at the data from the OfS' graduate employment metrics in the same time period we see that in the UK in 2020 there were **15,978,200** employees in SOC categories 1 to 3.

The gap is almost a **million jobs**. Graduate supply still does not meet demand.

Other publications that draw high figures for the proportion of graduates in jobs that don't require a degree tend to use different methods for determining what a 'graduate job' is. These methods leave out a lot of roles that are done by many graduates and in many cases are primarily done by people with degree level education.

Figure 3. Graduate unemployment rates of UK domiciled first degree graduates from 1975 to 2017



Source: [NACE](#), First destination surveys and [HESA](#), Destinations of Leavers from Higher Education data

Looking at unemployment

Another way we can measure graduate employment is by tracking unemployment rates. These were measured six months post-graduation between the early 1960s and 2017, after which the survey reference date changed to 15 months after graduation.

Unsurprisingly, the peaks in this graph mirror times of recession. Unemployment data for new graduates tended to be between 5–7% outside recessions, and higher during them. It is notable that the graduates who experienced the most difficult labour market in the 40 years to 2017 were those who left university in 1983, before the last great higher education expansion of the early 1990s and when considerably fewer people went to university.

When commentators talk about a 'golden era' of graduate employment that was significantly better than now, it was either before 1975, or during the late 1990s to early 2000s, between the previous two recessions. Although the graph shows that graduate employment in 2017 was as good as these 'golden eras'.

Unemployment data for new graduates tended to be between 5–7% outside recessions.

This is not to suggest that there are underemployed graduates, but rather that graduate underemployment is a long-established and much-debated issue for which no solution has ever really been found.

So, how many graduates have a graduate job? The honest answer is that nobody knows. It looks to be a comfortable majority, but that depends on how you define what a graduate job is.

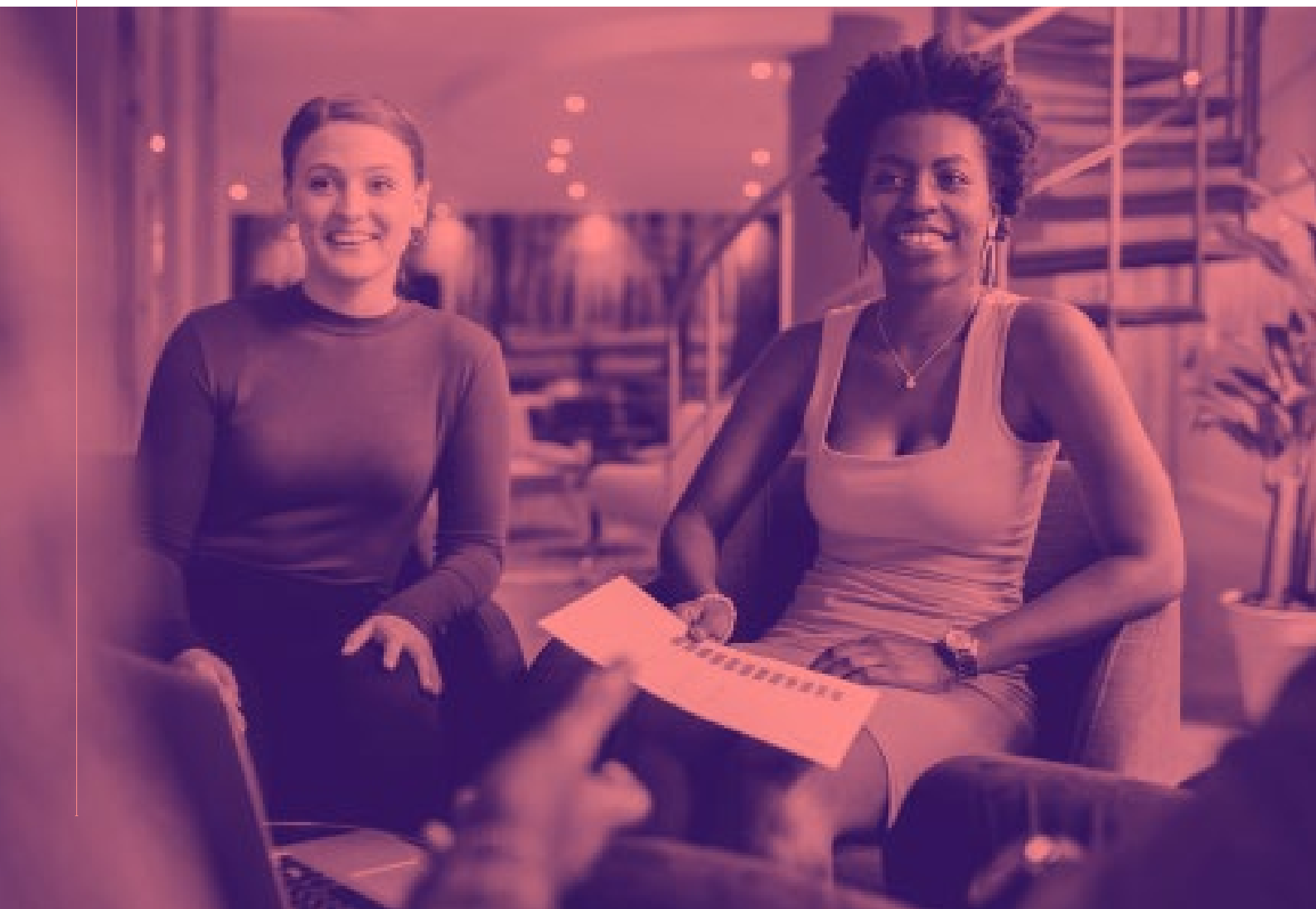
Conclusion

The data shows that most graduates are in jobs for which a degree is an appropriate qualification. There is little clear evidence that there existed a period in the past when the graduate labour market was considerably stronger.

The number of jobs for which graduates are suitable compared to the number of graduates seem reasonably well matched. There are both shortages of graduates in some fields, and obvious areas of graduate underemployment in others. The UK is not unusual in any of these respects.

The data shows that most graduates are in jobs for which a degree is an appropriate qualification.

It's crucial to remember that longitudinal studies of graduates show that just because a certain proportion of graduates do not secure graduate-level work early in their career, does not mean that this proportion of graduates will never get a good job. In fact, most of those early underemployed graduates will not be underemployed for the rest of their careers.



Myth 3: ‘Some degrees have little value to employers’

If the data shows that the number of graduates and the number of graduate jobs available seem well-matched, why do we have underemployed graduates and skills shortages elsewhere?



Summary

It's hard to tell whether a graduate is in a graduate job. For some jobs, a degree will be one route into employment, but there might be others.

Almost twice the percentage of the UK workforce are underqualified for their role than overqualified for their role. This might be due to low investment in adult skills training in the UK.

The labour market and jobs themselves are also constantly changing. At least a quarter of new graduates do jobs that did not exist 50 years ago. Many non-graduates may be in graduate jobs because the jobs themselves have changed over time.

In the UK, your degree subject matters less. Many employers are looking for well-rounded graduates with transferable skills, rather than specific degree subjects.

Breaking down the data

Are there non-graduates in graduate jobs?

There are three main ways in which non-graduates tend to be in roles that are classed as 'graduate':

1. A degree isn't the only way into these jobs

[SOC 2020](#) was designed to largely deal with this issue. Some jobs have multiple entry routes, one of which might be via a degree. The question of whether these jobs are solely for university graduates should be looked at carefully if we want to make sure other entry routes are seen as equal to conventional degrees.

2. Some people are underqualified

Underqualification is comparatively little explored compared to overqualification, but there are some hints that it might be an issue in the UK.

The [OECD's Skills for Jobs](#) database estimates that while 14% of the UK workforce are overqualified for their current role, almost twice that number (27.7%) are underqualified. This is the second highest level of the entire OECD, behind only Ireland.

There are many potential reasons for this, one of the most important being the low level of investment in adult skills training in the UK. A shortfall of suitable qualifications at management-level roles helps explain some of the statistical quirks of the mismatch between graduates and professional-level roles.

It also may help explain the UK's widely reported productivity gap. The 2019 [report on Skills Mismatch](#) from the Industrial Strategy Council goes into detail about the data around and consequences of underqualification.

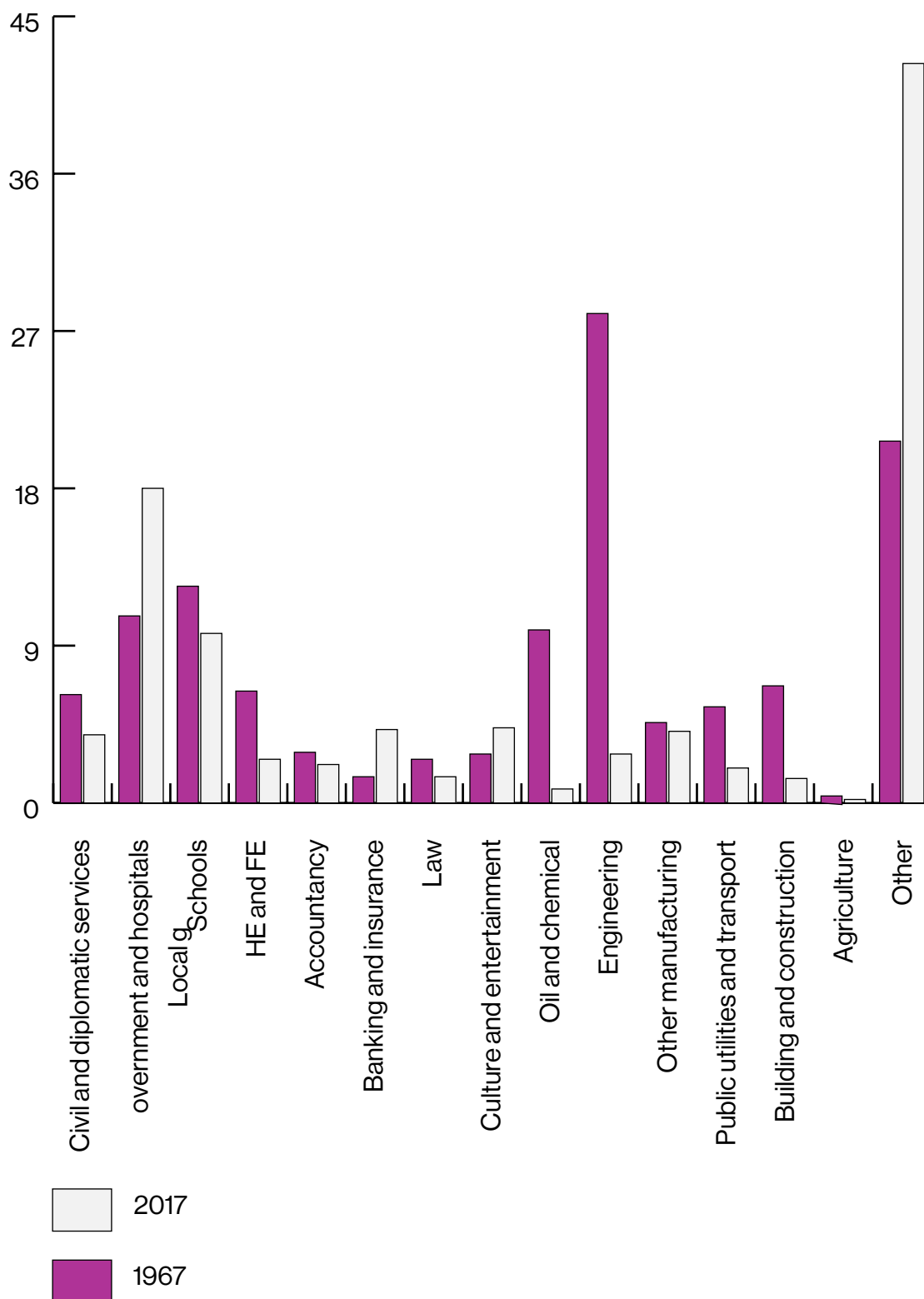
3. The labour market is constantly changing

The UK labour market is fluid and changes constantly. Much of that change can be in the balance of the kinds of work that is done.

A graduate retiring this year will most likely have graduated between 1976 and 1978, when the UK was very different. There was no internet, university participation was significantly lower, manufacturing was a quarter of national gross value added and financial services less than 20%. The Bank of England now estimates manufacturing at under 10% and financial services at nearly 40%.



Figure 4. Industries entered by graduates six months after leaving higher education in the UK



Source: NACE (1967) First Destinations Survey and HESA (2017) Destination of leavers data

Figure 4 looks at graduate destinations by industry 50 years apart. In the 1960s, engineering was the most important industry for new graduates. Just over a third went into the public sector.

Today, the proportion entering public sector employment is broadly similar. The real change has come about because of the UK's move away from being a manufacturing economy and towards being a business services-oriented one, as well as the rise of information technology and the internet.

Now, at least a quarter of new graduates do jobs that did not exist 50 years ago, and we can assume this pattern will continue.

At least a quarter of new graduates do jobs that did not exist 50 years ago.

Also, jobs themselves can change. The Chartered Institute of Personnel and Development's report, [Over-qualification and skills mismatch in the graduate labour market](#), looks at how changes to numbers of graduates can affect the way roles work. Some roles have become more skilled because more graduates have entered them; for example, the media industry and the public sector.

Many jobs have also evolved higher skills requirements because of the wider use of technology, or because increases in productivity mean roles now need a wider range of skills. Many non-graduates may be in graduate jobs because the jobs themselves have changed over time.

How far does your degree course matter?

The switch from a graduate labour market where engineering roles were the most important to one where business services are much more important means that many graduate roles need transferrable skills that are not subject-bound.

It doesn't really matter if you have studied fine art or physics, as long as you have the skills and attributes needed for the role. A vocational qualification opens up an additional set of (often very attractive) options, but there is not a degree subject that makes an individual 'less employable'.

It doesn't really matter if you have studied fine art or physics, as long as you have the skills and attributes needed for the role.

This means that UK graduates tend to be good all-rounders with the skills and adaptability to thrive in a changing labour market. This is often viewed internationally as a competitive advantage, both by international employers looking for adaptable talent and by overseas students looking for a flexible degree option that does not force them to choose a career path at an early age.

The UK absorbed the concept of 'no more jobs for life' quite some time ago; the phrase was in use in careers literature for students in the late 1990s. This flexibility allows graduates to change course during a working life relatively easily compared to those with specific job training who may find it more difficult if demand for their trained role changes.

Conclusion

It's difficult to answer the question of how far degrees matter to employers. However, the statement that they are of little value is inaccurate.

While there are more people underqualified for their roles than overqualified, degrees are important. They represent an attractive entry route to many roles, even if those roles might also have less conventional routes.

Also, graduates can help shape the roles they are in. They might make roles more skilled.

What is clear is that while degrees are still valuable, specific degree subjects are less significant in many sectors. Degrees widen the options available to graduates compared to non-graduates who may have taken more specific job training.

Degrees widen the options available to graduates compared to non-graduates.

Myth 4: 'All the best graduate jobs are in London'

Are graduates able to find jobs outside of the UK's capital?



Summary

Most graduates in graduate jobs do not work in London, and never do.

Of 2019 graduates, 22% were working in London six months after graduation. Annual Population Survey data shows that 20% of UK people with degree or equivalent qualifications aged 16–64 lived in London at the end of 2020.

In 2018, 42% of graduating students who went to a local institution stayed locally to work. In the North East and North West, more than half of graduates fell into this category.

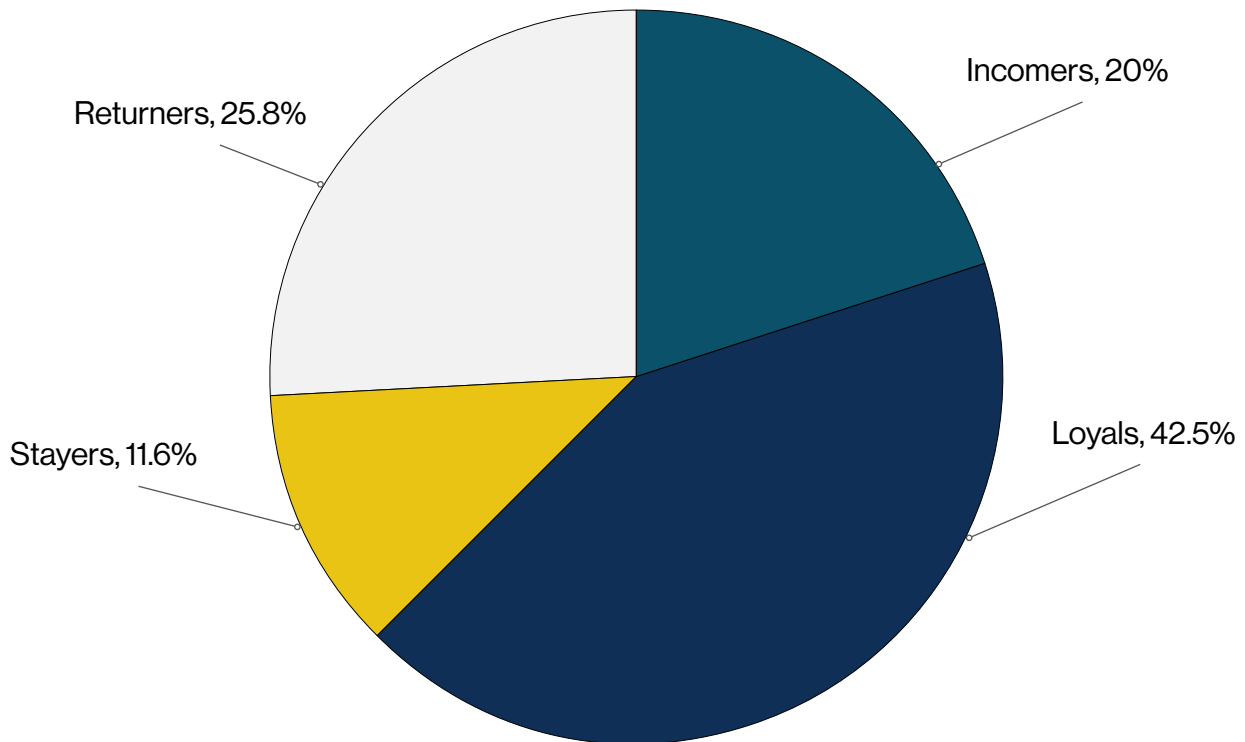
Breaking down the data

Graduates are actually a lot less mobile than is commonly believed, and many work close to places with which they already have a connection. One way of examining this is through graduate migration groups.

Graduates can be divided into four groups:

- 1. Regional loyals:** Graduates who are domiciled in a region, went to study in the region and remained to work in that region. They make up the largest group of graduate employees in most regions. They often take up positions in health or social care.
- 2. Regional returners:** Graduates domiciled in a region, who go elsewhere to study and then return to their home region to work. In many regions, these make up the next largest group of graduates.
- 3. Regional stayers:** Graduates who travel away from their home region to study and then stay in that study region to work. They are quite likely to enter the health sector to work.
- 4. Regional incomers:** Graduates who go to work in a region in which they neither studied nor were domiciled. They often come to a region for jobs that may be higher paid, in management, engineering or science.

**Figure 5. Migration groups for domiciled first degree graduates from 2018/19
15 months after graduation**



Source: Graduate Outcomes Data, Higher Education Statistics Agency

Graduate outcomes data from HESA shows that the 'loyals' are the largest group of graduates. In 2019, 42% of graduating students who went to a local institution stayed locally to work. In the North East and North West, more than half of graduates fell into this category.

'Returners', on the other hand, are most likely to be in non-graduate jobs, often returning home from university to find difficult jobs markets waiting for them. The data suggests that as time goes on, more of this group will leave for urban centres with better jobs markets.

**In 2019, 42% of
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In comparison, 22% of 2019 graduates were working in London 6 months after graduation. Annual Population Survey data shows that 20% of UK people with degree or equivalent qualifications aged 16–64 lived in London at the end of 2020.

Conclusion

This link to place is absolutely crucial. The levelling up agenda will need to take into account that graduates will tend to stay linked to places they know. A local university makes it much easier to attract and retain graduate talent.

It also means that London is not always the greatest draw for graduates. A graduate from the North West is more likely to work in Manchester than in London, and a graduate originally from Yorkshire is more likely to work in Leeds, Sheffield or Bradford.

This does not display a lack of aspiration on the part of these graduates. It means that they have local attachments. It's also important to note that the cost of living means that it may not always make financial sense for a graduate to move to London even if the salary might be higher.

The levelling up agenda will need to take into account that graduates will tend to stay linked to places they know.



Looking to the future

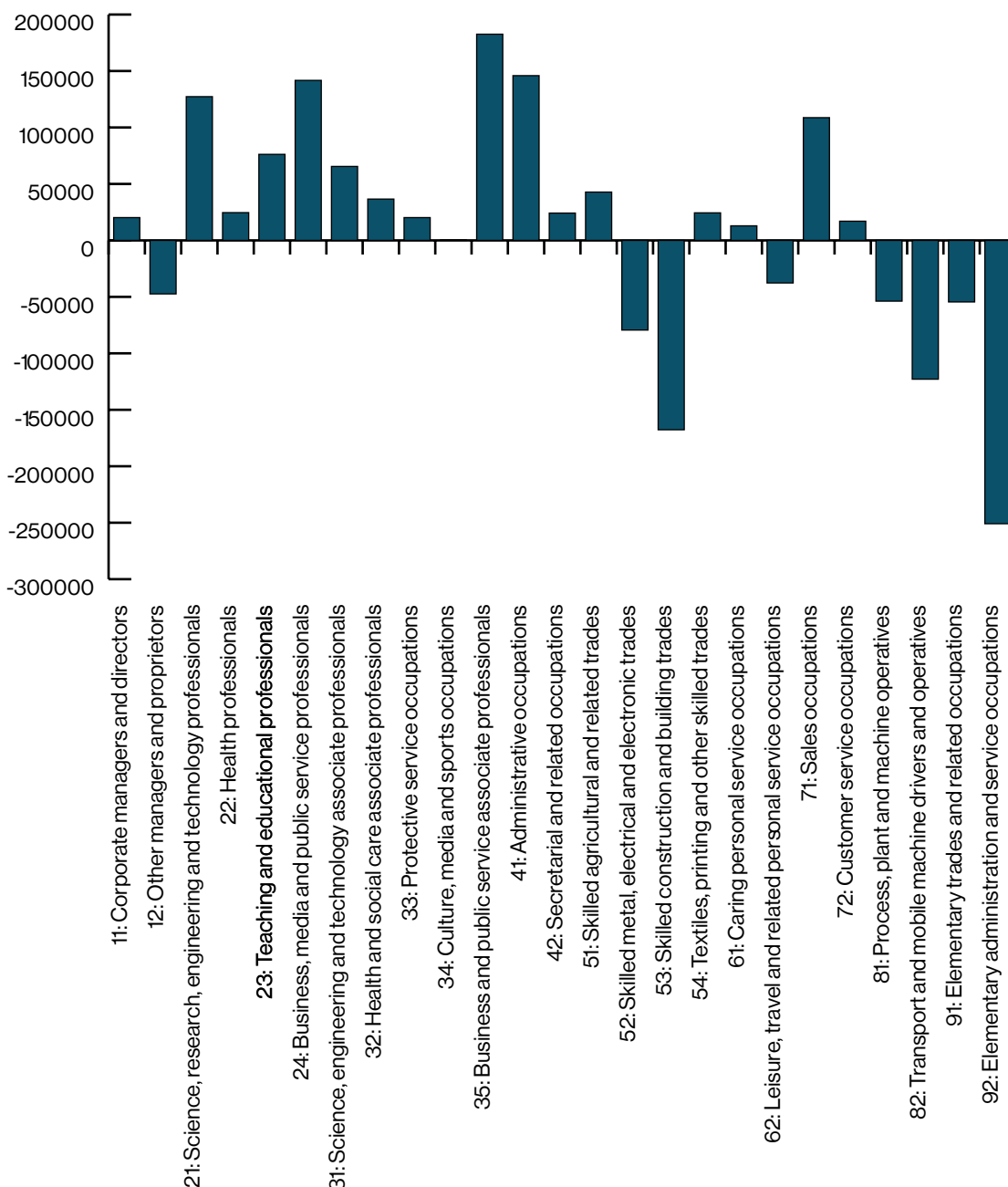
The UK demand for graduates is significant, it has increased year on year, and it is only likely to grow in the future.



The impact of the pandemic

Figure 5 shows that through 2020, despite the Covid-19 pandemic, the number of UK workers in professional-level employment rose by 647,200 and those in other roles fell by 817,000. This is not data that is obviously consistent with reduced graduate demand. It's a fair assumption that if professional employment continued to rise despite a pandemic that caused large parts of the economy to be shut down for an extended period, it will continue to rise in the future.

Figure 6: Change in the number of employees in the UK by occupational group between 2019 and 2020



Source: Data extracted by author using [nomis](#)

While the pandemic has greatly disrupted the labour market, the [ONS has found](#) that graduates were less likely to be negatively impacted by the pandemic than other workers. Graduates were already working in industries that were less affected by the pandemic, were more able to switch to hybrid working, and had the skills and adaptability to change roles if necessary.

The proportion of graduates in non-graduate occupations fell by 5% during the pandemic. Graduates were also significantly less likely to be furloughed from their jobs: 83.6% of graduates were never furloughed during the pandemic, against 73.9% of the workforce as a whole. Having a degree was one of the best insulations against Covid-19 disruption.

Graduates were less likely to be negatively impacted by the pandemic than other workers.

Using new technology

The legacy of the pandemic for the graduate labour market may well be in hybrid working. At the end of October, the [ONS found](#) that 78.8% of the IT workforce and 58.8% of the professional services workforce (two workforces with high numbers of graduates) were working in a hybrid model or at home.

The [Institute of Student Employers found](#) that 13% of student employers say that they do not require student hires to live where they work, and 24% said that they are now recruiting student hires who will be mainly based from home. They also found that 20% of employers report that they will be basing an increasing number of early-career staff at home over the next five years.

This may cause some significant changes in the places that graduates are based when they work, and may encourage graduates to live in some parts of the country that are inexpensive but have traditionally lost graduates to large urban centres.

Will advances in technology put graduates at risk?

[Analysis](#) for the Department for Business, Energy & Industrial Strategy by PwC suggests that artificial intelligence will be a positive for graduates in both the short and long term, increasing demand for graduates by about 10% and reducing demand for qualifications below higher education level. Roles in healthcare, IT and marketing are expected to see particularly steep rises.

Artificial intelligence will increase demand for graduates by about 10%.

Conclusion

The future is of an expanding graduate jobs market, at least in part because the flexibility and adaptability of UK graduates will remain a particular advantage in a rapidly changing employment climate.

If we can come to a better understanding of how graduate demand genuinely works, we can start to unpick the mismatch between graduate skills and employer needs, and build a more effective employment structure for those who enter higher education.

The future is of an expanding graduate jobs market at least in part because of the flexibility and adaptability of UK graduates.



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April 2022

ISBN: 978-1-84036-421-7