

PANDEMIC'S IMPACT ON GRADUATE  
OPPORTUNITIES IN SCOTLAND AND  
RECOMMENDATIONS TO GENERATE  
MORE OPPORTUNITIES MOVING  
FORWARD

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## Table of Contents

<b>Executive Summary</b> .....	<b>2</b>
<b>Graduates and their importance</b> .....	<b>2</b>
<b>Pre-Pandemic Analysis</b> .....	<b>3</b>
Global overview.....	3
Pre-Pandemic Employment Overview of Scotland.....	5
Pre-Pandemic Graduates in Scotland.....	6
Pre-Pandemic Sector-wise Employment in Scotland.....	7
Pre-Pandemic - Summary.....	8
<b>During Pandemic Analysis</b> .....	<b>8</b>
Global Overview - UK vs Others in 2020.....	8
Graduate Opportunities in UK.....	10
During Pandemic – Scotland.....	12
<b>Graduate positions – How other countries are doing?</b> .....	<b>14</b>
<b>How can Scotland do better? – Recommendations</b> .....	<b>17</b>
<b>Conclusion</b> .....	<b>18</b>

## Table of Figures

Figure 1 - Employment rate (Total, % of working age population, 2010 – 2019)   Source - OECD .....	4
Figure 2 - Unemployment rate by age group (15-24 year olds, % of labour force, 2010–2019)   Source - OECD .....	5
Figure 3 - Unemployment rate by age group (25-74 year olds, % of labour force, 2010–2019)   Source - OECD .....	5
Figure 4 - Scotland Unemployment Rate (Total % of Labour force)   Source – Office for National Statistics .....	6
Figure 5 - Sector-wise employees and employment in Scotland in 2019 .....	7
Figure 6 - Total employment rate (% of working age population, Q1-Q4, 2020)   Source - OECD .....	8
Figure 7 - Unemployment rate by age group 15-24 year (as a percentage of labour force, Q1-Q4, 2020)   Source - OECD .....	9
Figure 8 - Unemployment rate by age group 25-74 year (as a percentage of labour force, Q1-Q4, 2020)   Source - OECD .....	9
Figure 9 - % change in graduate vacancies at UK's top employers on the previous year (2010-2020)   Source - Highfliers .....	10
Figure 10 - Negative sentiments towards career prospect by age-group in May 2020   Source - Luminato .....	11
Figure 11 – Sector-wise % change in graduate vacancies at UK's top employers (2019-2020)   Source - Highfliers .....	11
Figure 12 - Median starting graduate salary at UK's top employers (2010-2020)   Source - Highfliers .....	12
Figure 13 - Scotland's M-o-M unemployment rate% compared for 2019 and 2020 .....	12
Figure 14 - Monthly job postings in Scotland (2019 vs 2020)   Source – Skills Development Scotland .....	13
Figure 15 - M-o-M % change in job postings in Scotland (2019-2020) .....	13

# Executive Summary

What took more than a decade to achieve came crashing down in a matter of months, with the OECD's jobs rate reaching a new peak of 68.9% in early 2020, 2.6 percentage points higher than the previous high set just before the global financial and economic crises of 2008. However, within months, COVID-19 spread around the globe triggering the worst public health emergency in a century. It triggered the worst economic downturn since the Great Depression of the 1930s. More than 159 million people have been infected with the virus and more than 3.3 million people have lost their lives to this deadly virus (as of 12 May 2021).<sup>1</sup> To secure lives and livelihoods, trillions of dollars have been poured into the global economy. The response of governments around the world to the unprecedented and rapid spread of COVID-19 has resulted in a global economic slowdown. The effects on individuals, employment, and industries are likely to be long-term, and the most disadvantaged groups, such as young people, would be particularly hard hit.

A pandemic like the COVID-19 pandemic has proven in the past that it may have long-term and serious effects for younger generations, which are now being dubbed the "lockdown generation" (ILO, 2020a). Recent research by ILO is starting to illustrate the pandemic's multi-faceted risk for young people, including disruptions to schooling and training, increased vulnerability for young workers, and a slower and more difficult path into decent jobs. Impacts like these worsen disparities and risk limiting a generation's productivity.

To be able to understand the magnitude of this impact on job opportunities, specifically for young people and what measures can be taken to make the situation better, it is imperative to understand the situation in Scotland prior to the pandemic, how did it compare with other countries in the UK and how we can learn from them to lessen the impact of the pandemic and improve the condition further.

Therefore, the report focusses on understanding why focusing on improving the scope of job opportunities for these young people (specifically graduates) is vital for the Scotland's economy, a comparative analysis of pre-pandemic employment situation of Scotland and other countries, how does the situation look like now and what are the steps that can be taken to recover and eventually improve the scenario of graduate opportunities across sectors in Scotland.

## Graduates and their importance

For the purpose of this report, a graduate has been defined as someone who has completed a course of study (usually a university degree). Graduates' importance in the labour market is multifaceted, and many countries need to understand more about it and how to use it to their benefits economically. In this section, graduates' importance is highlighted and the urgent need for growth in opportunities in Scotland is discussed.

Graduates are expected to play a vital role in contributing to high growth sectors that drive the economy. Areas central to these sectors will be data science and tech, life-sciences, advanced manufacturing, quantum, and nanotechnology, creative industries etc. These areas require graduate and post-graduate skills. As graduates are naturally equipped with an understanding of technology and their ability to observe business problems across various domains as part of their studies, they serve as a willing employee that can be prepared to meet whatever required task an organization may need. Consequently, they have an attractive employment strategy since they can be recruited at a reduced cost than more seasoned mid-level applicants.

Moreover, it has been highlighted that they have a large impact on both productivity and ROI of any company. It has been estimated that between 1994-2005 graduates in the UK attributed roughly a one-third increase in labour productivity (Wilkinson,2013)<sup>2</sup>. This, along with the additional £1 billion they contribute to the economy each year, are some highly positive aspects of employing graduates. These two interesting

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<sup>1</sup> <https://covid19.who.int/>

<sup>2</sup> <https://www.grb.uk.com/recruiter-research/7-benefits-of-hiring-graduates>

studies demonstrate how a motivated, eager-to-learn graduate can have a significant impact on a country's economy.

Finally, it is uncommon for a graduate to start a job and then quit early. They are often seen as a long-term investment, with the potential to advance to high-level positions within an organization. Their first job lasts an average of 4.5 years, and their hard work is expected to be compensated by an average wage rise of £11,000 in the first three years.

Graduates, on the whole, can be seen as ideal candidates for an organization. They are a low-cost, long-term investment that can be moulded to fit and excel in whatever position an organization requires.

After seeing some of the positive effects that a graduate can have on a business, it is critical that the graduate labour market in Scotland improve. There are several topics that must be addressed. To begin, student retention must be tackled, as this will help to solve many of Scotland's problems. A study into the University of Edinburgh's graduating class of 2000 found only 21% of students from out of Scotland had remained there 5 years after graduation with many migrating to London, compared to 70% of Scottish students (Bond, 2008).<sup>3</sup> This is a major issue, as much of Scotland's best graduate talent is leaving the country, implying that there aren't enough sought-after opportunities, further compounding the skills gap.

Improving graduate opportunities here is vital in combating this problem. There is a large skills gap in Scotland which equated to a cost of £352 million to Scottish organisations in 2018 alone (Open University, 2018).<sup>4</sup> This is mostly for recruiting and training purposes, highlighting the disparity between the qualifications available and the skills held by Scottish residents. As a result, graduates who are more skilled than non-graduates will be able to help close the gap. Furthermore, since the Scottish population is aging, new strategies are needed to sustain an effective working population. Between 2016 and 2041, Scotland's working-age population is expected to grow by 1%, compared to 8% for the rest of the UK, and the population of people over 75 is expected to grow by 79%.<sup>5</sup> As technologies and practices advance, more seasoned members of the workforce will be required to undergo retraining in order to satisfy the new demands. Graduates have a better chance of filling the requisite positions because they are more likely to be willing to learn. Finally, using the relatively affordable graduate population, Scotland's economic condition has a chance to be saved. Once the furlough program ends, the Scottish Fiscal Commission predicts unemployment rising to 7.6% in the second quarter.<sup>6</sup> The Pandemic has had a significant impact on Scotland's economy, and graduates may be a viable option for changing this trend if they are given the opportunity to work.

To understand the magnitude of this impact on the opportunities for graduates in Scotland and the rest of the world, the first step is to understand the situation prior to the pandemic.

## Pre-Pandemic Analysis

### Global overview

Many OECD economies have been seriously impacted by the pandemic, with recovery from the financial crash of 2008 possibly being stalled or reversed. When opposed to the first few months of the 2008 financial crisis, some nations worked up to ten times fewer hours. Here we analyse 5 different countries: New Zealand, United Kingdom with a specific focus on Scotland, United States, Poland, and Belgium. We believe that our choices provided a chance to see how countries with a varying degree in success in maintaining jobs throughout this pandemic were coping before the pandemic.

<sup>3</sup>[https://www.researchgate.net/publication/272398560\\_Scottish\\_Graduate\\_Migration\\_and\\_Retention\\_a\\_Case\\_Study\\_of\\_the\\_University\\_of\\_Edinburgh\\_2000\\_Cohort](https://www.researchgate.net/publication/272398560_Scottish_Graduate_Migration_and_Retention_a_Case_Study_of_the_University_of_Edinburgh_2000_Cohort)

<sup>4</sup><http://www.open.ac.uk/scotland/news/skills-shortage-costing-scottish-organisations-%C2%A3352-million>

<sup>5</sup><https://www.gov.scot/publications/future-skills-action-plan-scotland-evidence-analysis-annex/pages/4/>

<sup>6</sup><https://www.gov.scot/publications/monthly-economic-brief-february-2021/>

The initial step was to do a comparative analysis of the employment rate across years, prior to the pandemic for the selected countries. By observing the results in *Figure-1*, every country's employment rate increased between the years 2010-2019 for the working population of ages 15-64. This indicates how after the financial crisis in 2008, many countries managed to make a recovery within employment over the course of the next decade. New Zealand had the highest employment rate throughout this period with a peak at 77.5% in 2018. Poland witnessed the highest increase going from 60% in 2013, to 68.2% in 2019, however this is still below the OECD average of 68.7%. Belgium has the lowest employment rate in 2019 of 65.3%. The United Kingdom (including Scotland) reached 75.2% in 2019 and this is the second highest out of the 5 countries considered in the analysis.

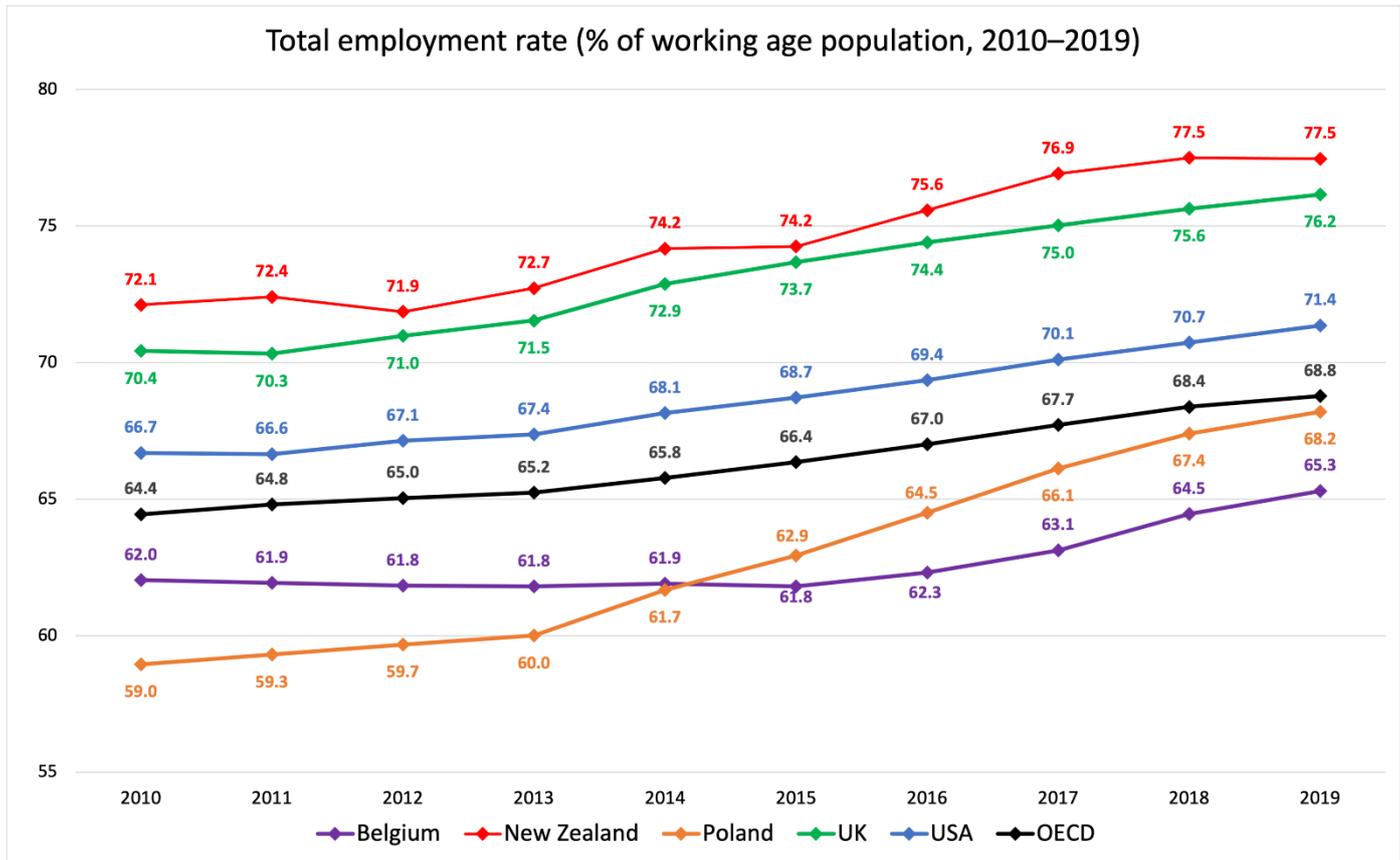


Figure 1 - Employment rate (Total, % of working age population, 2010 – 2019) | Source - OECD

While we observe an increase in the overall employment rate for all countries, the idea is to understand if this was translating into a favourable situation specifically for graduates. This can be quantified by looking at the unemployment trend for specific age groups.

For the unemployment rate we split this into two age categories, 15-24 and 25-74 years old. For both age groups, only Belgium has an unemployment rate above the OECD average which links to their struggles with the low overall employment rate. As reflected in the employment data, Poland showed the highest decrease in unemployment in both age categories across years. This highlights that Poland has made an enormous improvement in creating opportunities across all age-groups.

Additionally, it is evident that unemployment within 15-24 years old is much larger than between 25-74. This is demonstrated by the OECD average being 4.56% (*Figure-3*) in 2019 for the older age group compared to 11.7% (*Figure-2*) for the younger group. This indicates that those just entering the labour market are struggling to find jobs which need to be addressed worldwide. Moreover, the countries with the best employment rate don't have the best youth unemployment rate. This is seen with New Zealand where despite having the highest employment rate its youth unemployment is 11.3%. This emphasizes that youth unemployment is a separate issue to employment and something that requires alternative solutions.

Unemployment rate by age group 15-24 year-olds (% of labour force, 2010 – 2019)

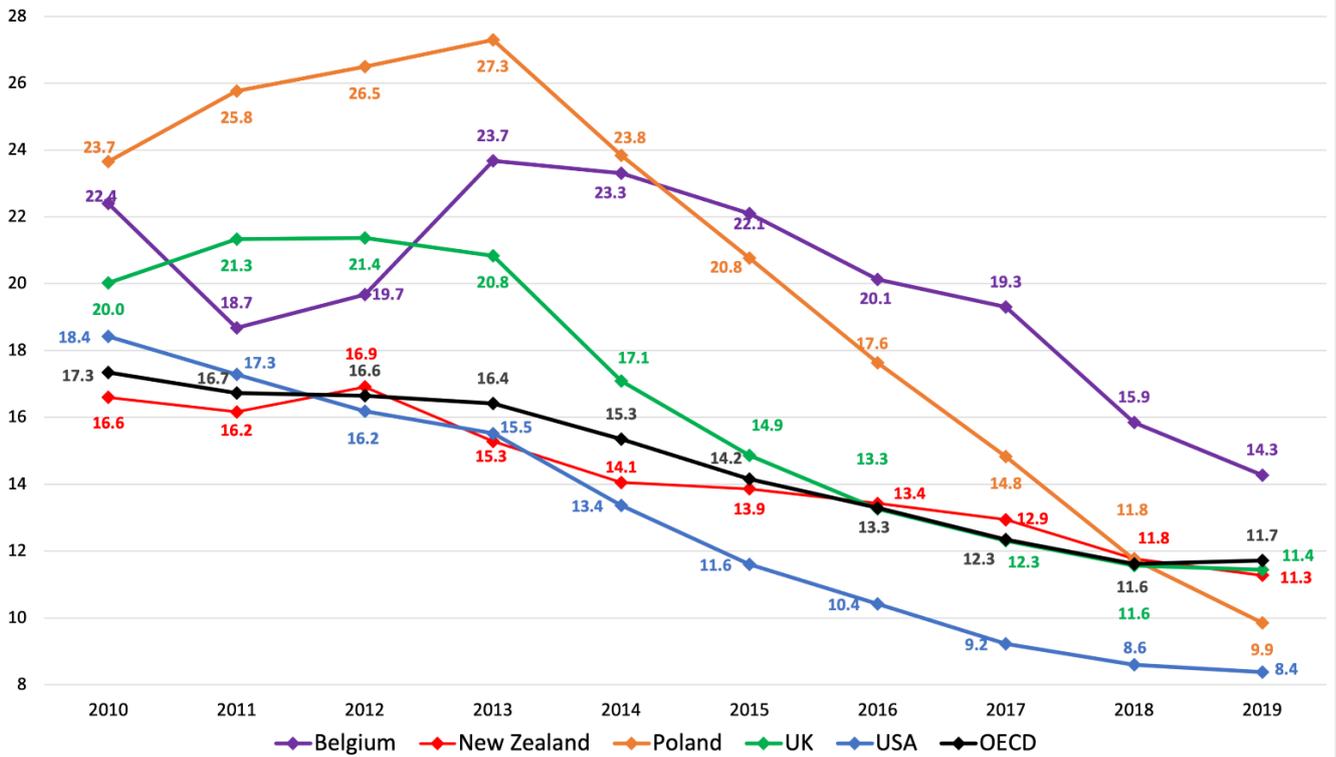


Figure 2 - Unemployment rate by age group (15-24 year olds, % of labour force, 2010–2019) | Source - OECD

Unemployment rate by age group 25-74 year-olds (% of labour force, 2010 – 2019)

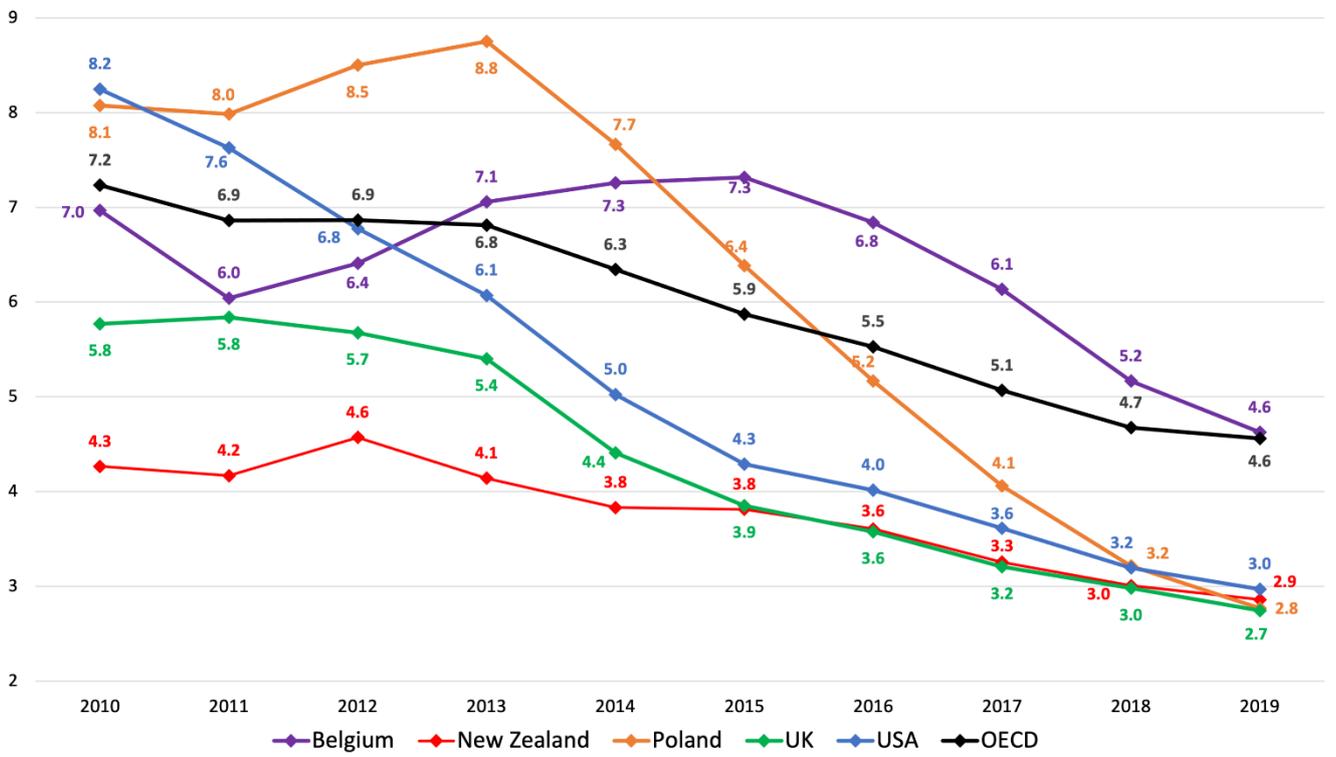


Figure 3 - Unemployment rate by age group (25-74 year olds, % of labour force, 2010–2019) | Source - OECD

## Pre-Pandemic Employment Overview of Scotland

We have established unemployment rate in the age group of 15-24 years is a major concern across countries even before the pandemic. The next step is to focus on the situation of Scotland.

Upon analysing Scotland more specifically, it is observed that they had an employment rate of 74.8% which is 0.4% lower than the UK average of 75.2% in 2019. The unemployment rate is 3.6% which is lower than the UK average of 3.9% (Figure-4).<sup>7</sup>

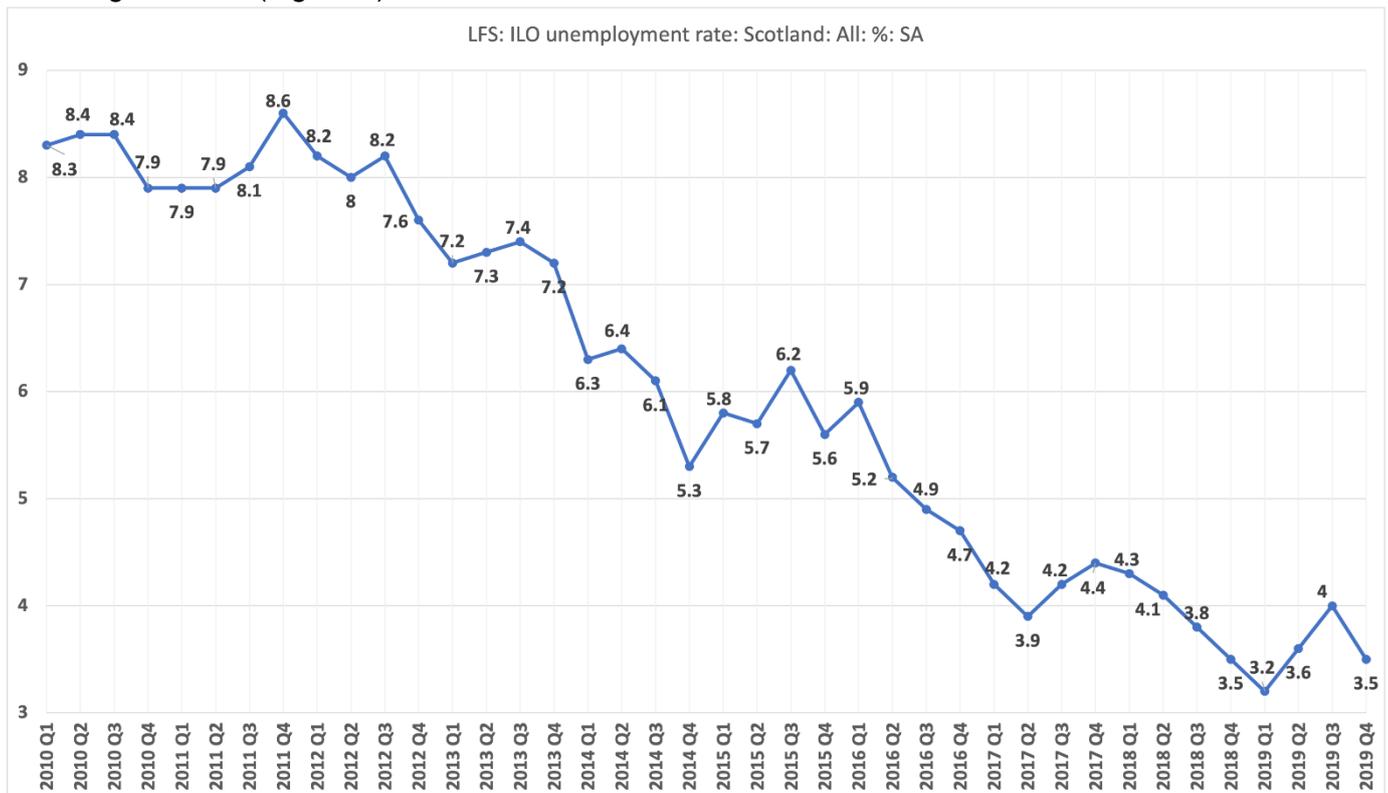


Figure 4 - Scotland Unemployment Rate (Total % of Labour force) | Source – Office for National Statistics<sup>8</sup>

This was likely to be due to the fact that the number of job seekers is decreasing despite there being an excess of jobs. This is a positive finding for Scotland as it illustrates that the country did not have a dearth of opportunities.

## Pre-Pandemic Graduates in Scotland

The Graduates in Scotland seem to be outperforming their UK counterparts in finding jobs after graduation. HESA illustrated that 73% of Scottish university graduates are in graduate level jobs six months after graduation, which when compared to the UK is 4% higher.<sup>9</sup>

Scotland's graduates had the highest percentage of positive destinations in the UK, with 89.9% compared to the UK average of 88.8%. This implies that Scottish universities better train students for post-university life, as shown by a £1000 rise in starting wages relative to the rest of the UK, resulting in a first average salary of £25,000.<sup>10</sup>

Other interesting facts about graduate opportunities and employment are:

- Approximately 90% of graduates from Scotland's universities were employed or pursuing further education 15 months after graduation. Postgraduates and undergraduates are also included in the 90% statistic.
- Graduates from Scottish providers is more likely to be employed full-time (60%) than graduates from other UK countries.
- Just 3% of graduates from Scottish universities were unemployed 15 months after graduation, which is comparable to the UK average and marginally higher than the 4% unemployment rate for graduates from English universities.

<sup>7</sup> <https://www.gov.scot/publications/scotlands-labour-market-people-places-regions-statistics-annual-population-survey-2019/>.

<sup>8</sup> <https://www.ons.gov.uk/employmentandlabourmarket/peoplenotinwork/unemployment/timeseries/ycnr/lms>

<sup>9</sup> <https://www.universities-scotland.ac.uk/bite-size-briefings/giving-graduates-the-skills-they-need/>

<sup>10</sup> <https://www.universities-scotland.ac.uk/positive-set-of-graduate-outcomes-for-the-class-of-2017-18-in-new-data-set/>

- According to the data, 77 percent of all employed graduates serve in highly qualified professions, as specified by standard occupational classification.

Therefore prior to the pandemic, the situation for graduates in Scotland is a favourable one. Further, it is vital to understand if this is reflected across sectors.

## Pre-Pandemic Sector-wise Employment in Scotland

To analyse the opportunities generated across sectors, we look at the table below (*Figure-5*) that summaries both employees and employment numbers for sectors, with the definition of both these elements as:

**Employee** - An employee is anyone over the age of 16 who is paid directly from an organization's payroll(s) in exchange for working full-time or part-time or participating in a training program. It does not include volunteer staff, self-employed individuals, or working owners who are not paying by PAYE.<sup>11</sup>

**Employment** - Employees are counted along with the number of employed owners. Self-employed employees are included in BRES<sup>12</sup> whether they are eligible for VAT or Pay-As-You-Earn (PAYE) schemes. Self-employed people who haven't signed up for this, as well as HM Forces and Government-sponsored trainees, are not qualified.<sup>13</sup>

Throughout the pandemic, industry employment is unlikely to change significantly, with the health sector continuing to be the largest employer in 2019, employing over 402,000 workers. In theory, this should stay the same or even rise marginally, since a pandemic presents a serious challenge to the health service as a whole, and so employment is likely to have expanded to help fight it. The second largest was the retail sector followed by accommodation and food services.

<b>Industry</b>	<b>Employees</b>	<b>Employment</b>
	<b>Number</b>	<b>Number</b>
1 : Agriculture, forestry & fishing (A)	42,000	86,000
2 : Mining, quarrying & utilities (B,D and E)	64,000	65,000
3 : Manufacturing (C)	167,000	169,000
4 : Construction (F)	135,000	143,000
5 : Motor trades (Part G)	47,000	50,000
6 : Wholesale (Part G)	62,000	63,000
7 : Retail (Part G)	225,000	233,000
8 : Transport & storage (inc postal) (H)	104,000	107,000
9 : Accommodation & food services (I)	206,000	214,000
10 : Information & communication (J)	85,000	85,000
11 : Financial & insurance (K)	83,000	84,000
12 : Property (L)	38,000	40,000
13 : Professional, scientific & technical (M)	178,000	185,000
14 : Business administration & support services (N)	202,000	204,000
15 : Public administration & defence (O)	155,000	155,000
16 : Education (P)	204,000	205,000
17 : Health (Q)	396,000	402,000
18 : Arts, entertainment, recreation & other services (R,S,T and U)	109,000	114,000
<b>Column Total</b>	<b>2,503,000</b>	<b>2,602,000</b>

*Figure 5 - Sector-wise employees and employment in Scotland in 2019<sup>14</sup>*

<sup>11</sup> <https://data.london.gov.uk/dataset/4ea5adc2-c47b-46df-b6b2-3a70919a87af>

<sup>12</sup> <https://www.ons.gov.uk/surveys/informationforbusinesses/businesssurveys/businessregisterandemploymentsurvey>

<sup>13</sup> <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/bulletins/businessregisterandemploymentsurvey/bresprovisionalresults/provisionalresults2016revisedresults2015>

<sup>14</sup> <https://www.nomisweb.co.uk/query/asv2htm.aspx>

## Pre-Pandemic - Summary

Before the outbreak of Covid-19 the UK had one of the best employment rates and one of the lowest unemployment rates in the World. Out of the countries studied, New Zealand was the only one with a better overall employment rate. Poland and USA specially fared well with comparatively lower unemployment rate for the age -group of 15-24, while UK had the lowest unemployment rate in the age-group of 24-74. Delving further into these findings, the analysis of Scotland as a whole is of interest for this report. Scotland had a very low unemployment rate of 3.6% and boasted a strong employment force.

Moving onto the Graduate situation before the Pandemic, we can observe that Scotland's graduates had greater prospects than those students who graduated from other countries in the UK. It is known that 73% of Scottish graduates were employed 6 months after graduating which is 4% better than the UK average. Furthermore, 3% of graduates were unemployed after 15 months compared to the UK average of 4%. This corresponds with Scottish graduates having a greater salary with the average being £25,000 compared to £24,000 for the rest of the UK. These are all positive findings and indicate that prior to the pandemic a Scotland graduate would be deemed as highly employable, which demonstrates the positive situation seen.

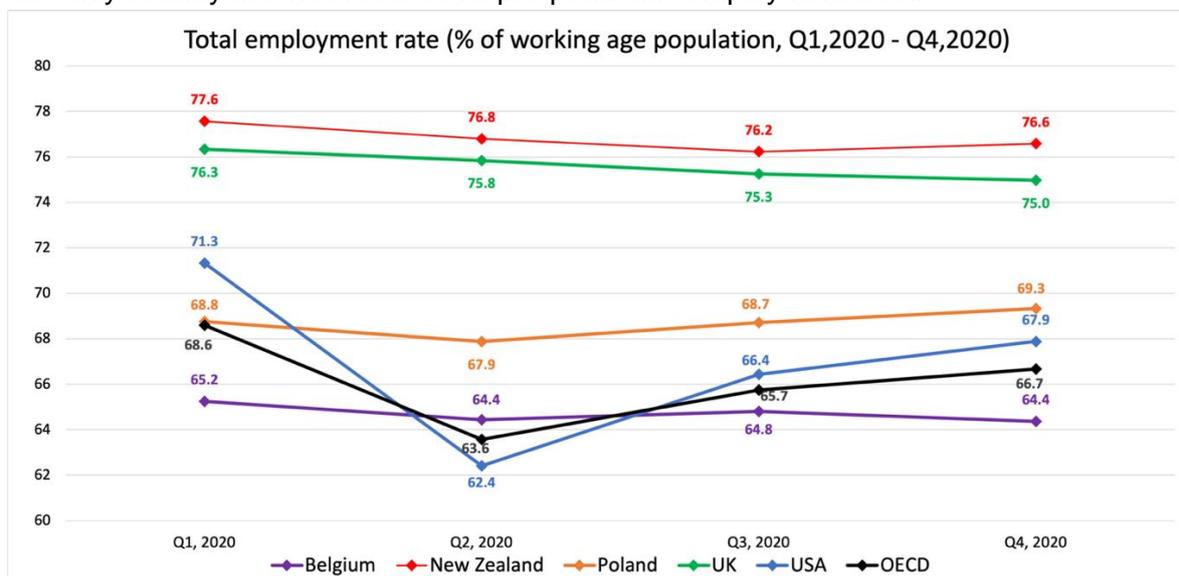
Finally, the Health sector is crucial in Scotland as over 400,000 people were employed within it. This is unlikely to have changed, where now more than ever, the NHS is an absolute necessity in helping to combat this pandemic.

## During Pandemic Analysis

The pandemic crisis has led to an economic crisis, affecting both existing jobs and potential opportunities across the world. With most countries taking their initial steps towards recovery, the levels of uncertainty and rate of this recovery will be uneven across nations. This section focusses on comparative analysis of the employment scenario during the pandemic followed by special emphasis on the impact on graduate opportunities.

## Global Overview - UK vs Others in 2020

The graph below (*Figure-6*) highlights quarter-wise overall employment rate for the countries compared in the pre-pandemic analysis. While UK has the second highest employment rate amongst the selected nations across quarters, it continues to decline in 2020-Q4. However, except for Belgium and UK, all countries observed an increase in the employment rate final quarter of 2020 from as compared to the third quarter. Poland is the only country that has reached its pre-pandemic employment level.



*Figure 6 - Total employment rate (% of working age population, Q1-Q4, 2020) | Source - OECD*

Similar to the pre-pandemic analysis, the next step is to understand the age-wise unemployment situation to gauge the affected on graduate opportunities.

It can be observed from (Figure-7) that the unemployment rate in 15-24 years age group is on the rise for most countries across all quarters. For USA, the unemployment rate reached the maximum in the second quarter at 24.3% but came down to 15.6% in the following quarter. The positive position in overall employment shown by countries like New Zealand and Poland, has not translated in the age group of 15-24. However, for both Belgium (17.5% to 16.4%) and UK (14.6% to 13.7%) the unemployment rate that increased in the third quarter of 2020 has decreased in the final quarter.

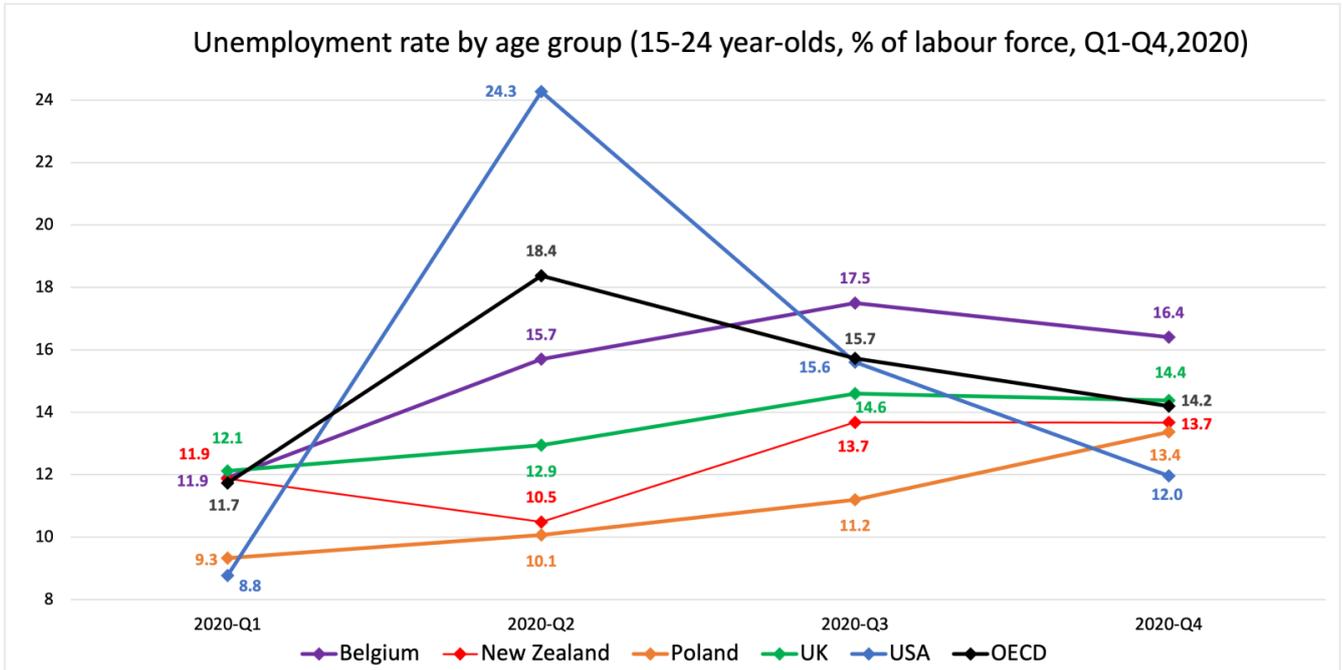


Figure 7 - Unemployment rate by age group 15-24 year (as a percentage of labour force, Q1-Q4, 2020) | Source - OECD

UK is the only country amongst those considered in the analysis, where the unemployment rate in the age group 25-74 increased in the final quarter of 2020 (Figure-8). It had the second lowest unemployment rate after Poland, but by the end of 2020-Q4 New Zealand has a lower unemployment rate than UK.

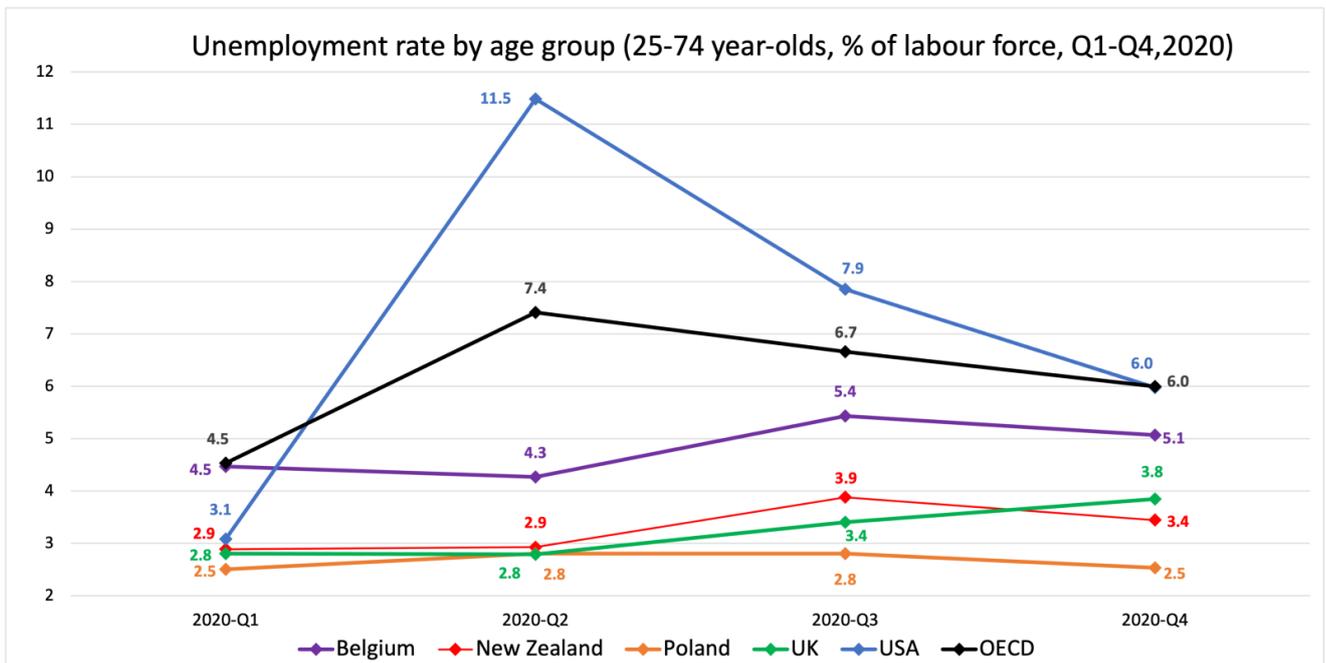


Figure 8 - Unemployment rate by age group 25-74 year (as a percentage of labour force, Q1-Q4, 2020) | Source - OECD

An explanation of the low overall unemployment rate can be the Coronavirus Job Retention Scheme (CJRS) that was opened in the UK on 20<sup>th</sup> April 2020. The scheme provides grants to employers so they can retain and continue to pay staff during coronavirus related lockdowns, by furloughing employees at 80% of their wages. By May 2021, 11.5 million jobs had been furloughed. However, statistics show that those aged 24 or under had the highest proportion of furloughed jobs.

Understanding the statistics, early estimates for November 2020 indicate that the number of pay-rolled employees fell by 2.7% compared with November 2019, which is a fall of 781,000 employees; since February 2020, 819,000 fewer people were in pay rolled employment. Additionally, there were an estimated 547,000 vacancies in the UK in September to November 2020; this is 251,000 fewer than a year ago and 110,000 more than the previous quarter.<sup>15</sup>

Therefore, we can say that while UK is working on the overall recovery, the CJRS scheme reflected lower unemployment rates. The unemployment rate in the age group of 15-24 (which possibly eventually forms a significant group of individuals hired as a part of graduate schemes) is higher compared to all countries except for Belgium and hence requires a special focus as a part of both the recovery and way ahead plan.

## Graduate Opportunities in UK

School leavers and graduates entering the labour market this year will find it harder to find employment as firms cut entry-level jobs by nearly a quarter, according to new research by the Institute of Student Employers (ISE). All types of entry-level roles have been reduced this year because of the coronavirus. Employers are hiring 32% fewer people onto apprentice or school leaver programmes than planned this year. The number of internships and placements available will also fall by 40%.<sup>16</sup>

Another report by Highfliers Research on the Graduate market 2020, shows the annual change in vacancies of top employers (featured in The Times Top 100 Graduate Employers) has decreased by 10.8% as compared to 2019 (*Figure-9*).<sup>17</sup>

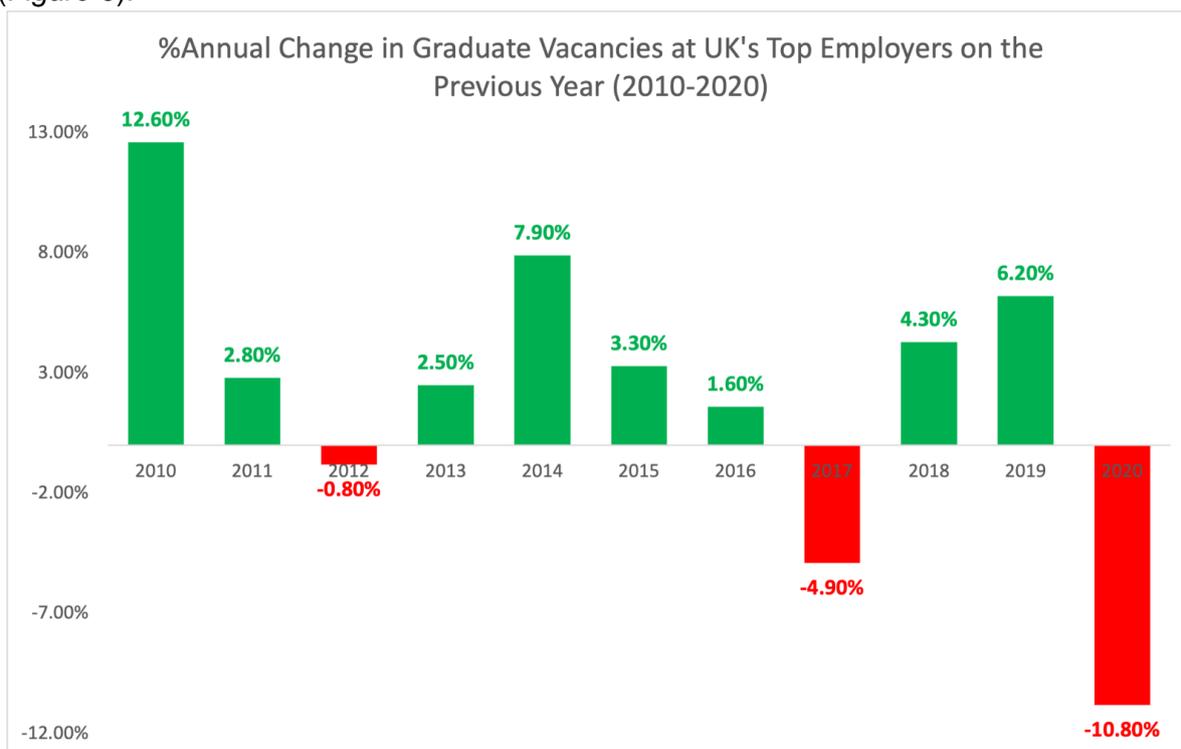


Figure 9 - % change in graduate vacancies at UK's top employers on the previous year (2010-2020) | Source - Highfliers

<sup>15</sup> <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/bulletins/uklabourmarket/december2020>

<sup>16</sup> <https://bdaily.co.uk/articles/2020/05/18/employers-cut-entry-level-jobs-by-23-due-to-corona-crisis>

<sup>17</sup> [https://www.highfliers.co.uk/download/2020CCE/graduate\\_market/GM20Review.pdf](https://www.highfliers.co.uk/download/2020CCE/graduate_market/GM20Review.pdf)

This has led to a negative sentiment amongst students and employees reflected in the *Figure-10* below. It is evident that with a cut in the entry level jobs, the percentage of negative sentiment is way higher in the age group of 18-24 years followed by 25-34 years due to concern about lower vacancies across sectors in the post-pandemic world.<sup>18</sup>

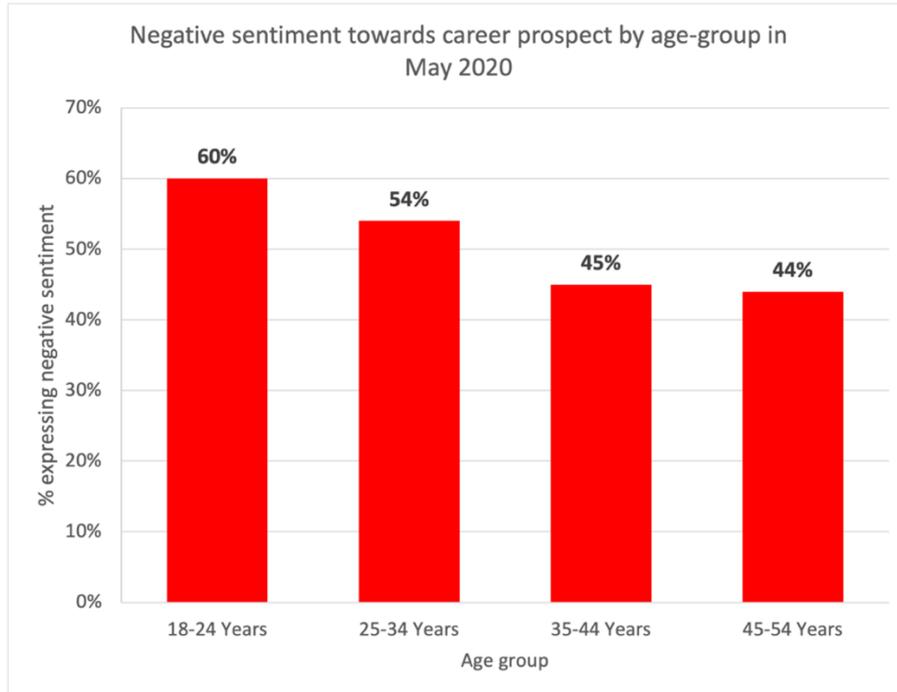


Figure 10 - Negative sentiments towards career prospect by age-group in May 2020 | Source - Luminate

It will also be interesting to analyse the decrease in graduate opportunities across different sectors in the UK. The sharp fall in graduate vacancies in 2020, as a result of the Coronavirus pandemic, means that graduate recruitment was cut in thirteen out of fifteen industries and business sectors (*Figure-11*). The hardest-hit sectors are accounting & professional services, consulting, charities, and the engineering & industrial sector – where the number of new graduate jobs fell by over 24%, compared with recruitment in 2019. Just two key sectors – banking & finance and retail – recorded modest year-on-year increases in graduate recruitment in 2020.

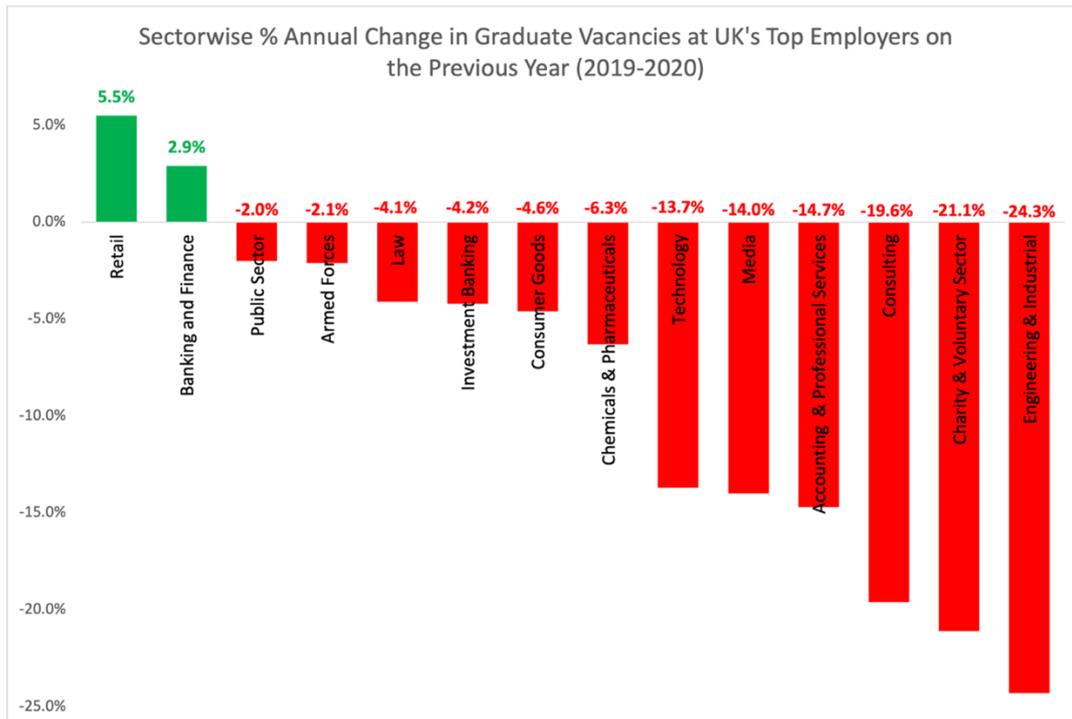


Figure 11 – Sector-wise % change in graduate vacancies at UK's top employers (2019-2020) | Source - Highfliers

<sup>18</sup> <https://luminate.prospects.ac.uk/survey-reveals-students-concerns-amid-coronavirus-crisis>

While the graduate opportunities are decreasing across industries, the research shows that for the sixth year running, the median graduate starting salary at the leading employers is £30,000 (Figure-12).

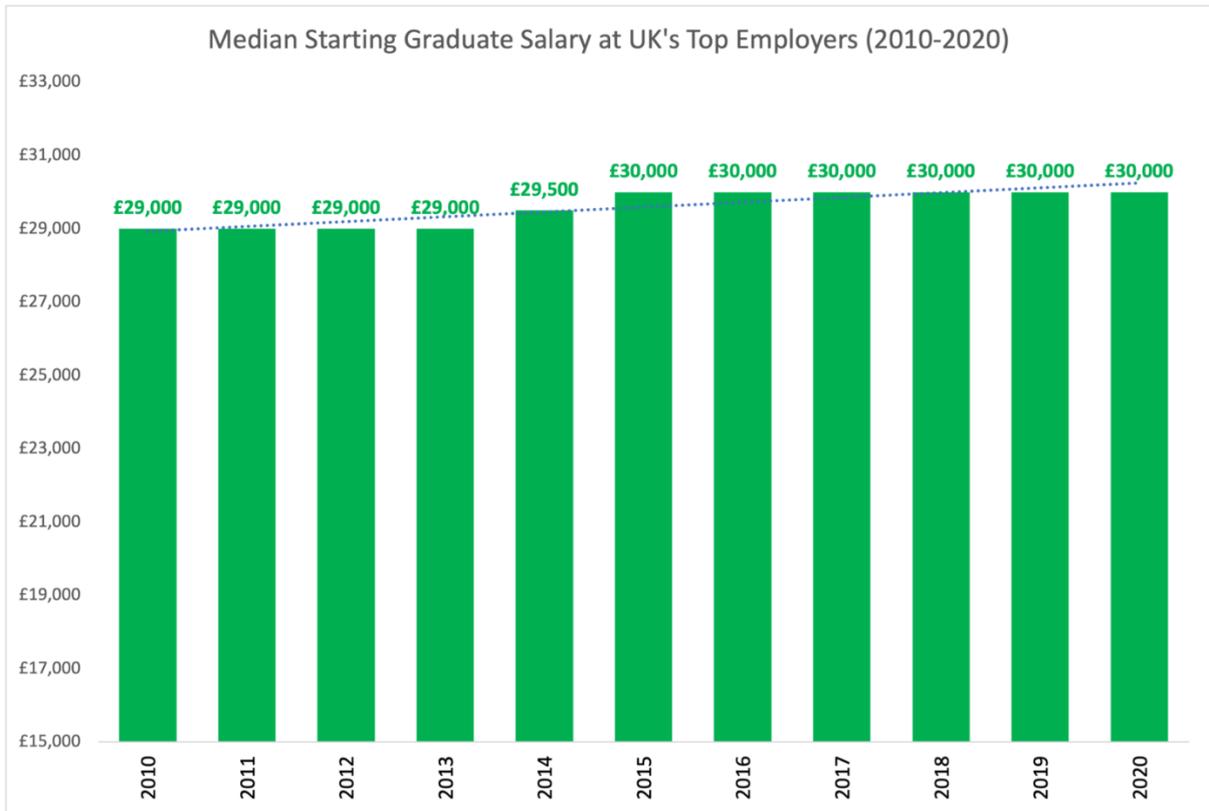


Figure 12 - Median starting graduate salary at UK's top employers (2010-2020) | Source - Highfliers

### During Pandemic – Scotland

The pandemic has also shaken the labour market in Scotland, with a 31% increase in the unemployment rate between the Q1, 2019 and Q1, 2020. Skills Development Scotland (2020) outlines that the unemployment rate in Scotland rose to 4.2% in 2020, compared to 4.9% in the UK overall.<sup>19</sup>

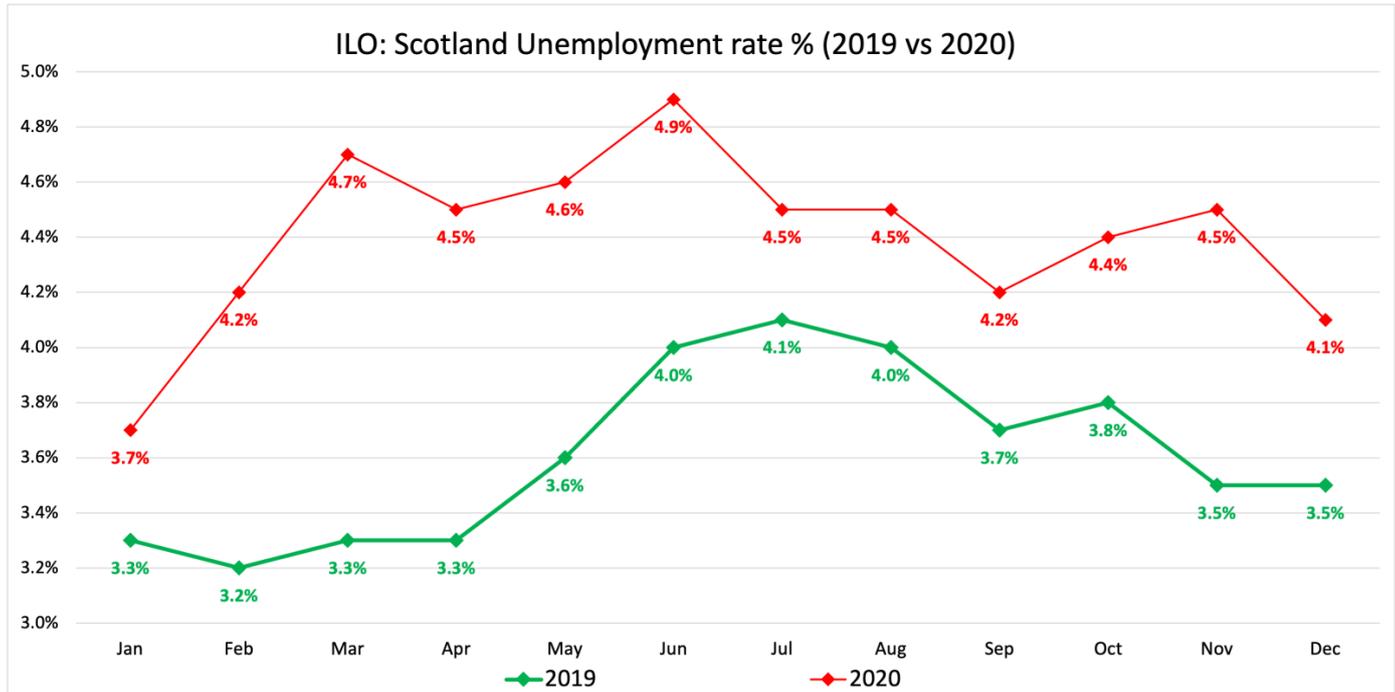


Figure 13 - Scotland's M-o-M unemployment rate% compared for 2019 and 2020

<sup>19</sup> <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/unemployment/timeseries/ycnn/lms>

For young people (16-24 age group) in Scotland, the unemployment rate rose to 10%. The dire status for the Scottish labour market and recruitment is reflected in *Figure-14*, showing a sharp decline in monthly job postings between March and April 2020.<sup>20</sup>

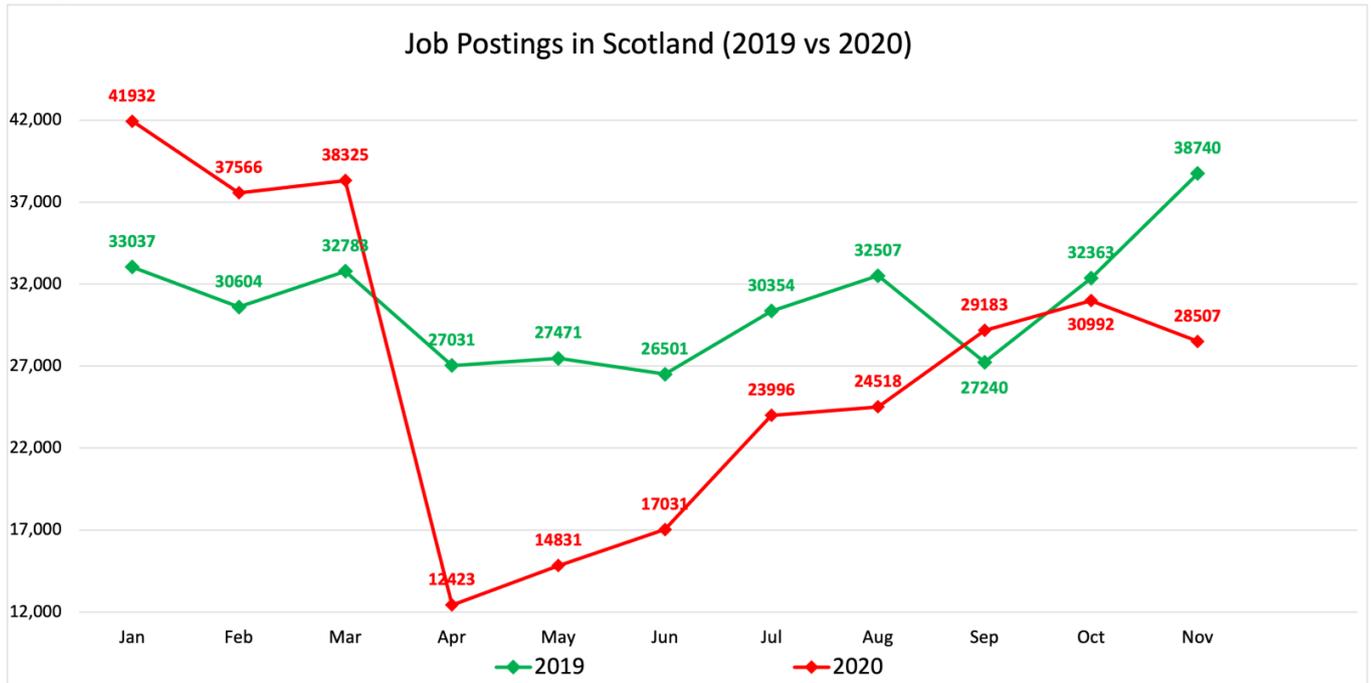


Figure 14 - Monthly job postings in Scotland (2019 vs 2020) | Source – Skills Development Scotland

Recruitment steadily increased post April in 2020 but has not reached the original level of job postings as observed in 2019. There was a 54% decrease in job postings in Apr'20 as compared to Apr'19 and has improved since then with a decrease of 26.4% in Nov'20 as compared to the same time in 2019 (*Figure-15*).

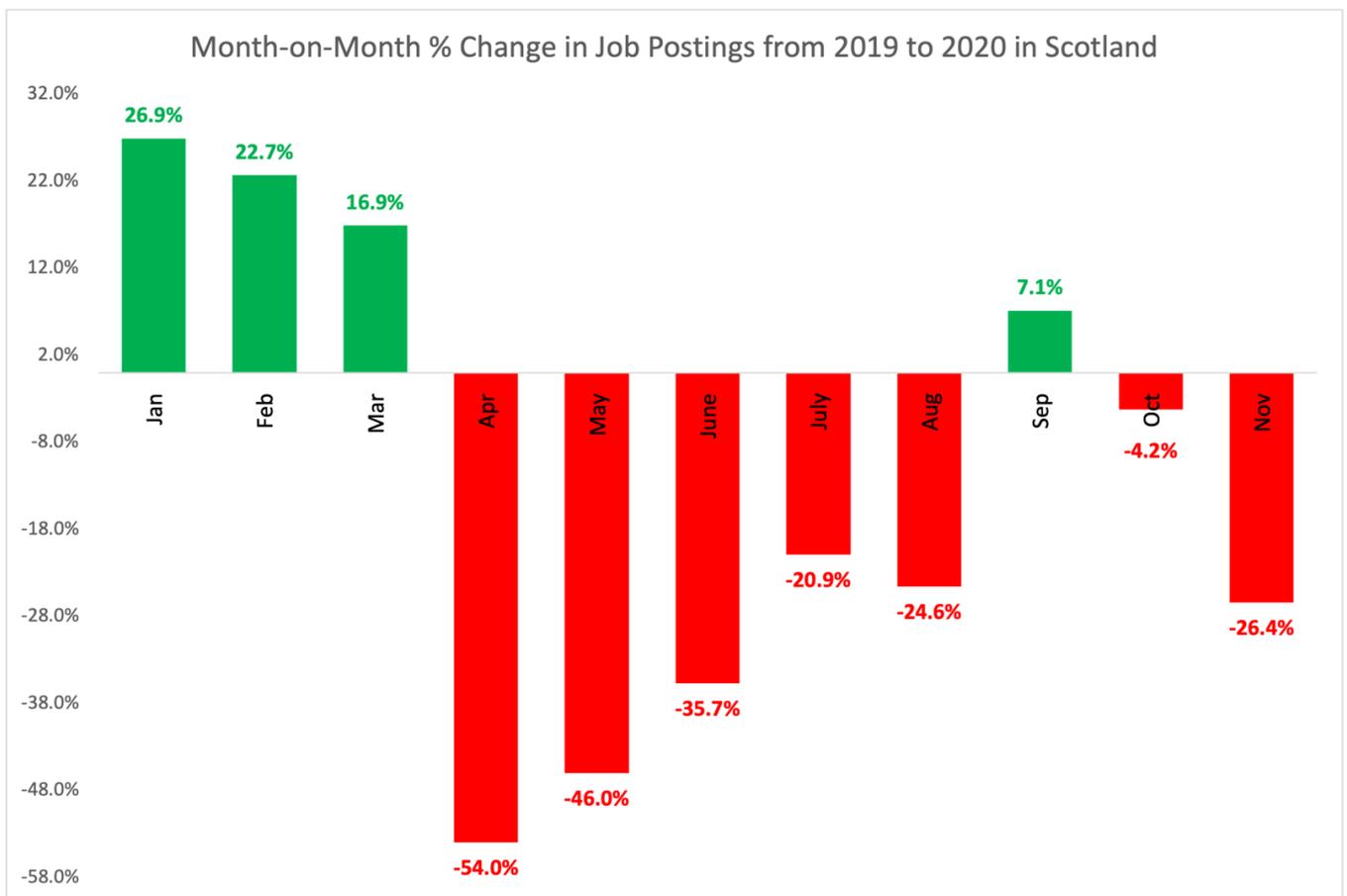


Figure 15 - M-o-M % change in job postings in Scotland (2019-2020)

<sup>20</sup> <https://www.skillsdevelopmentscotland.co.uk/media/47327/covid-19-lmi-december-2020.pdf>

Through understanding unemployment and trends of job postings, it can be observed that young people are highly affected by the economic recession. However, there is no readily available data on the specific impact of university graduates in Scotland, as of March 2021.

As in previous years the largest occupation among Scottish graduates was health professionals (23.5%), followed by retail/hospitality and business/HR/finance (Prospects, 2019/2020)<sup>21</sup>, the global health crisis might have spurred graduate recruitment further in the most popular sector of employment, health services. On the other hand, retail and hospitality are among the sectors worst hit by the economic recession and national measures imposed to curb the spread of the virus. Retail had already begun a transformation towards e-commerce and digitalisation before the pandemic hit. Between 2016-2018, 13,000 retail jobs were reported lost in Scotland (Scottish Retail Consortium, 2021).<sup>22</sup> As e-commerce has surged during the pandemic, it can probably provoke a more profound digital shift in the sector. Thus, future employees and graduates may well prepare for adapting circumstances in the sector.

Lastly, it is worth mentioning that one of the greatest concerns among the Scottish public (68% of those surveyed) coming out of the pandemic is “opportunities for young people in Scotland” (Deloitte, 2020).<sup>23</sup> Thus, an increased focus on youth may be warranted ahead of the Scottish Parliamentary Election in May 2021.

## Graduate positions – How other countries are doing?

The International Labour Organization (ILO) has been measuring the impact of the pandemic on employment. Its reports show that employment has been disrupted in every country and that young people and entry-level workers are the hardest affected by the downturn in jobs.<sup>24</sup>

However, this impact and the expected recovery is different across nations. Therefore, it is crucial to understand which countries are expected to do well in providing opportunities to graduates in the times ahead and what can be learnt from their initiatives.

### Belgium

As observed in the first part of the report, Belgium has the highest unemployment rate in the age-group of 15-24 amongst all the analysed countries. However, it has consistently decreased across years from 23.7% in 2013 to 14.3% in 2019. Due to the pandemic it increased to 17.5% in Q3-2020. Nevertheless, it decreased to 16.3% by the end of the following quarter. A report by Institute of Student Employers (ISE) showed a similar view of nation where respondents suggested that the 2020 had seen a substantial decrease (more than 30%) in the recruitment of graduates and internships and placement students.<sup>25</sup> However, they anticipated that numbers would rally and see a slight increase next year. They also reported that most recruitment and selection activities are being moved online.

YG Scheme - The Youth Guarantee scheme was formally launched on 1<sup>st</sup> January 2014 and subsequently implemented by the different regional authorities. Unemployment and social assistance services at the federal level guarantee that young people have access to financial resources and aid during their transition to the labour market. In collaboration with local and regional stakeholders, a variety of strategies for targeting young early school leavers and NEETs are being created. Ongoing training programs, such as the IBO (individual on-the-job vocational training) for 3 or 6 months, are also mentioned as regional initiatives contributing to the execution of the YG.

### Poland

<sup>21</sup> [https://graduatemarketrends.cdn.prismic.io/graduatemarketrends/1a77ed2a-3431-4954-b8c4-d1ca3982a969\\_what-do-graduates-do-regional-edition-201920.pdf](https://graduatemarketrends.cdn.prismic.io/graduatemarketrends/1a77ed2a-3431-4954-b8c4-d1ca3982a969_what-do-graduates-do-regional-edition-201920.pdf)

<sup>22</sup> <https://brc.org.uk/news/2020/src-launch-retail-s-election-agenda-for-reform-and-recovery/>

<sup>23</sup> <https://www2.deloitte.com/uk/en/pages/public-sector/articles/state-of-the-state-scotland.html>

<sup>24</sup> [https://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/documents/briefingnote/wcms\\_767028.pdf](https://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/documents/briefingnote/wcms_767028.pdf)

<sup>25</sup> [https://cdn.ymaws.com/ise.org.uk/resource/collection/78C3D824-D17B-4316-8E69-15A054E40F1E/Covid-19-international\\_final.pdf](https://cdn.ymaws.com/ise.org.uk/resource/collection/78C3D824-D17B-4316-8E69-15A054E40F1E/Covid-19-international_final.pdf)

Poland is the country that has shown extraordinary improvement in providing employment opportunities across years. Prior to the pandemic, in 2013 Poland had the highest unemployment rate (27.3%) across nations in the age group of 15–24. By the end of 2019, Poland has the second lowest unemployment rate (9.9%) in the same category. In the pandemic year Poland maintained the lowest unemployment rate (it is also the least affected European economy by Covid-19), but it increased to 13.4% by the end of the last quarter (which was slightly higher than USA).

In Poland participants in ISE survey reported a substantial fall in recruitment in 2020 but expected some growth next year. Respondents were optimistic that they would see a ‘V-shaped’ recession with a quick recovery. However, they also anticipated that homeworking was likely to become more common because of the crisis.

YG Scheme - Poland submitted a Youth Guarantee Implementation Plan in December 2013.<sup>26</sup> Individuals in the age group of 15-29 and belonging to the so-called NEET groups, i.e., not studying, training, or working, can take advantage of the support offered under the Youth Guarantee. The labour offices are required to present an offer to individuals within 4 months of completing education or losing job.

### **Canada -**

In Canada respondents (ISE) reported a big drop (more than 30%) in recruiting in 2020 for both graduates and interns, but in general they expected this to level out next year. Many students reported that there was substantial disruption of their academic studies as well as expressed concerns about their career prospects and financial situation. Some respondents were pessimistic about the future of the Canadian labour market with recovery expected to be slow. Participants expected most graduate attraction activities to be delivered through a mix of face-to-face and online provision, but selection activities like interviews and assessment centres were expected to move online. University careers services also moved many of their services online although over the long term they expected services to be delivered through a blended model.

The Youth Employment and Skills Strategy (YESS) initiative (June-July 2019) provided up to \$600 million in financing to organizations to help youth overcome barriers to employment and build a broad variety of skills and knowledge in order to participate in the future labour market.<sup>27</sup> One April 16, 2021, Canadian government announced \$12.8 million in funding for Project Learning Tree Canada to employ youth in nature conservation. Project Learning Tree Canada will engage over 1,700 youth in environment conservation, such as forest restoration and tree planting, with this financing from the Youth Employment and Skills Strategy.

### **New Zealand -**

New Zealand has been much celebrated as one of the countries that have managed Covid19 pandemic most successfully. Nonetheless, respondents in ISE survey reported that still there was an impact on the graduate labour market (lower than the impact for countries described above). Numbers fell in 2020 with some sectors reporting worse falls than others. However, graduate hires were expected to level out again in 2021. Although some respondents anticipated that employers would be cautious going forwards and that it might take a while before the market began to grow again. Most recruitment activities were expected to be delivered next year through a mix of online and face-to-face approaches.

The government launched a free career service where the individuals could book free calls with the career experts to get advice on making a personalised career plan, gaining confidence, and finding work or training.<sup>28</sup> For some selected areas, where employers required staff, individuals could train or retrain without having to pay course fees or compulsory costs.<sup>29</sup> The Targeted Training and Apprenticeship Fund (TTAF) provides tuition and compulsory costs for certain qualifications and covers apprenticeships, micro-credentials, degrees, and

<sup>26</sup> <https://gdm.praca.gov.pl/o-programie>

<sup>27</sup> <https://www.canada.ca/en/employment-social-development/services/funding/youth-employment-skills-strategy-program.html>

<sup>28</sup> <https://www.careers.govt.nz/plan-your-career/talk-to-a-career-expert/career-advice/>

<sup>29</sup> <https://www.careers.govt.nz/job-hunting/whats-happening-in-the-job-market/covid-19-and-the-labour-market/>

diplomas from Level 2 to Level 6 in relevant fields.<sup>30</sup> Individuals who have never done tertiary training could be qualified for one year of fees-free training if the qualification they are interested in, is not part of the TTAF.<sup>31</sup>

Employers were given assistance by the government in hiring, training, and advancing young people in their careers.<sup>32</sup> This includes a \$200 million industry training contribution from the government to fund in-work training. Financial support includes:

- Employers will get wage subsidies<sup>33</sup> if they recruit workers on benefits. The subsidy is paid for a specified amount of time, up to 52 weeks.
- *Work and Income*<sup>34</sup> will collaborate with employers to find the right candidates from their client base for available jobs and develop a customised package of support services for the new employees.
- Tuition subsidies are paid by government for young people if enrolled at a tertiary education provider.
- For industry training, the government pays a contribution through Industry Training Organisations for the cost of training provided to a trainee or apprentice.

## Sweden

Measures to mitigate the spread of the Covid-19 have been less restrictive than those utilized in most other countries. Despite of this, there has been a massive contraction in the Swedish labour market with an emphasis on hotels, restaurants, and retail sector. The figures from *Institute of Labour Economics*<sup>35</sup> suggest a substantial slow-down of the Swedish labour market, primarily in the early phase of the crisis: The number of workers registered as unemployed at the PES increased by more than 100,000 people in just 3 months and the increasing trend clearly continued. During the same season in 2019, the number of registered unemployed had fallen by around 14,000. The increase in registered unemployed corresponds to about 1% of the labour force.

To handle the situation, fiscal measures for 2020 included temporarily more generous unemployment benefits with eased eligibility criteria for unemployment insurance. Additionally, the country focussed on expansion of active labour market policies, improving education facilities, initiatives for green jobs and summer jobs for young people and temporary reduction of employers' social security contributions.

YG Scheme - The Swedish Youth Guarantee Implementation Plan was renewed in April 2014. Sweden has had a strategic policy for promoting youth employment by establishing a Youth Guarantee since 2006 and a job guarantee for youth (Youth Job Programme, UGA) was established in December 2007. The YG scheme in Sweden covers all young people aged 15-24 registered as unemployed with the public employment service (PES). Employment, education, and traineeship offers are provided.<sup>36</sup>

## Finland

Like Poland, Finland is one of the least affected European country and the number of infections remained low nationally. To support the economy and retaining permanent jobs, the country announced various fiscal measures like supporting restaurant and catering businesses, loosening the employment insurance benefit and temporary grants to companies facing financial difficulties. The temporary lay-off scheme played a key role in protecting jobs and incomes in the country. However, there are special concerns around students who are at risk of losing their income, as seasonal work has become scarce due to restrictions and business closures. This can potentially lead to long-term negative consequences for the income and career development of young people.

YG Scheme - Finnish Youth Guarantee scheme, launched in 2013, is open to all young people aged under 25 and recent graduates aged under 30. The Youth Guarantee means that the TE (Finnish Ministry of Economic Affairs and Employment Service) services will offer an unemployed young person a service or a measure at the latest three months after he or she becomes a jobseeker.<sup>37</sup>

<sup>30</sup> <https://www.tec.govt.nz/funding/funding-and-performance/funding/fund-finder/targeted-training-and-apprenticeship-fund/qualifications-and-programmes/>

<sup>31</sup> <https://www.feesfree.govt.nz/eligibility-criteria/>

<sup>32</sup> <https://www.employment.govt.nz/starting-employment/hiring/hiring-young-people/why-employ-young-people/>

<sup>33</sup> <https://www.workandincome.govt.nz/products/a-z-benefits/flexi-wage.html>

<sup>34</sup> <https://www.workandincome.govt.nz/employers/>

<sup>35</sup> <https://covid-19.iza.org/crisis-monitor/sweden/>

<sup>36</sup> <https://ec.europa.eu/social/BlobServlet?docId=13662&langId=en#:~:text=Youth%20Guarantee%20delivery&text=The%20YG%20scheme%20in%20Sweden.until%20the%20end%20of%202017.>

<sup>37</sup> <https://www.te-palvelut.fi/en/jobseekers/young-people/youth-guarantee>

# How can Scotland do better? – Recommendations

The Covid-19 pandemic has initiated an array of strategies across many countries as discussed above, to aid the graduate job market. Some of these strategies are likely to be of use for Scotland to increase graduate employment. Scotland have already introduced various policies and it will be discussed how these can be further developed to aid the graduate market here.

On September 2<sup>nd</sup>, 2020, Scotland announced the commencement of the Youth Guarantee Scheme which consists of a £60 million investment to guarantee that adults aged 16-24 will have the opportunity to either work, gain education or enrol in training. This is a great initiative which if implemented correctly could increase graduate employment in Scotland. Within this scheme a particular focus on helping graduates find work upon finishing their degrees could be integrated, and with a bit more extra funding could allow graduate employment to increase dramatically.

This scheme could be coupled with a Covid Challenge Investment Fund which could involve grants of around £1500-2000 to provide a further incentive to SMEs to employ graduates which can be accessed from Universities Innovation Fund (UIF) managed by Scottish Funding Council (SFC).<sup>38</sup>

Year	UIF funding (£M)	% increase/decrease from previous year
2018/19	13.4	9.84%
2017/18	12.2	0
2016/17	12.2	-29.07%
2015/16	17.2	N/A

Additional incentives could be given to companies in the form of helping graduates through their training in order to decrease the burden that training a graduate may have on a company. This could occur via the medium of government sponsored courses and potential mentor schemes that could pair a graduate with an industry expert in a tuition-like learning environment. Furthermore, a key area in helping the graduate market bounce back is to make sure that employers don't close their existing opportunities. This could be done by utilising National Insurance (NI) tax breaks for the employers that are hiring graduates and by using apprenticeship levy budgets. Since Scottish government has no power over NI tax breaks, Holyrood could partner with Westminster to develop a policy around NI tax breaks to push the graduate hiring.

An increase in opportunities overall will also be of use and this can be done by advertising to globally leading companies, the benefits of developing offices in Scotland. Some of the identified organisations are Revolut, Monzo, Klarna in fintech industry, Zoom, Snowflake in digital industry, eBay, Etsy, Peloton in ecommerce industry among others. This will result in new branches which will be open for hiring both graduates and also other members of society who may have been unemployed throughout this pandemic. If Scotland can collaborate with these companies and build the required infrastructure like providing cheaper office spaces and easier access to hiring talent from universities in terms of providing sponsorship (post-study work visa has already been announced from July 2021), it can be a huge opportunity due to the economic success of some of the Scotland's cities and also the reputation that the universities hold globally, which is likely to attract companies to gain some of the best talent the UK can provide. This will work both ways in that if more world-renowned companies are present in Scotland, then graduate retention is likely to increase and result in a more successful economic bounce back in the post-pandemic era.

The option of completing a master's course at university has been widely explored by many students as a result of the lack of graduate vacancies throughout the pandemic and so Scotland could offer decreased interest rates on loans for masters to make these courses more accessible and allow various sectors to recover, which would increase the vacancies available upon completion of the masters. The transition from university into the job market can be a challenging one and so greater support within the careers service in the form of

<sup>38</sup> <https://gradcore.co.uk/news-and-events/covid-19-we-need-to-act-now-to-support-young-people-and-employers>

more regular interview training or networking opportunities to provide the graduate with the best possible chance of employment after is another area which can be improved.

On the other hand, due to rising internet penetration and startup wave across the globe, many graduates are jumping in to start their own ventures. For promoting entrepreneurship, Economy Secretary Fiona Hyslop had announced £38m package<sup>39</sup> in July 2020, managed by Scottish Enterprise, to support the high growth companies but this fund is more directed at already established startups whose routes to investment and growth have been impacted by coronavirus (COVID-19). We recommend that Scottish government should launch similar fund or divert some amount from the existing fund towards developing the early stage startup ecosystem which in turn will motivate many graduates to explore entrepreneurship as a career options as well as make significant contribution to the economy and employment.

## Conclusion

Along with boosting the economy, increasing employment opportunities for graduates is also the solution for the ageing population of Scotland. With the impact of Brexit and a potential second independence referendum on the horizon, a robust Scottish economy is more important than ever, and graduates can play crucial role in doing so. By improving the existing policies and swiftly implementing the above recommendations, Scotland would be able to alleviate the burden of skills gap, reduce the impact of the ageing population and strengthen its economy.

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<sup>39</sup> <https://www.gov.scot/news/investing-in-scotlands-entrepreneurs-and-innovators/>