

Britain: University graduates face unemployment, low-paid jobs

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Recent statistics have revealed that many university graduates in Britain will be forced into low-paid, voluntary jobs or unemployment, due to the scale of the economic crisis.

These were the findings of a report compiled by the Association of Graduate Recruiters (AGR), who polled 250 leading companies. The report found that almost 65 percent of the firms that have cut recruitment said that this was due to the impact of the global recession. In the last year the number of jobs available for graduates in the City fell by 28 percent.

According to the AGR research, which included firms such as Barclays, Cadbury and Google, vacancies for graduates in investment banking have fallen by 28 percent in the last year and by 16.6 percent in the construction industry. Vacancies have also fallen by 10.7 percent in the banking and financial services positions and by 7.1 percent in the IT sector.

An article in the *Guardian* newspaper commented on the report: “In a sign of the speed at which the recession has set in, last summer employers were predicting a boom year, with an 11 percent increase in graduate vacancies. That has now slumped to a 5.4 percent decline across all sectors”.

Amongst other findings were that firms from the banking, accountancy, construction and IT sectors all announced cuts to their graduate training positions for 2008.

London and the southeast are set to be hit hardest by the fall in graduate recruitment. The AGR found that 45.4 percent of graduate vacancies are in London, while 10.5 percent are in the southeast.

Other measures being implemented by the firms surveyed include the freezing of graduate pay for the first time and the cutting of starting salary. Leading

firms have now frozen graduate salaries at an average of £25,000. Workers in banking jobs saw pay reduced by 8.9 percent in 2008.

Firms in the accountancy and professional services sectors plan to slash pay by 7.8 percent this year.

Asked what advice they would give to university graduates, employers said they should take on any temporary or voluntary work and also consider relocating to find jobs.

Alongside the precipitous decline in the number of jobs available to graduates is the continuing redundancy and unemployment of those professionals already in jobs.

According to a report in the *Times*, the Labour government of Prime Minister Gordon Brown is planning to establish “specialist recruitment agencies” in Jobcentres. Under the scheme, unemployed professionals will also be offered new three-month college courses based on updating their skills.

The *Times* article pointed to the rising discontent among sections of the middle class in the face of the worsening economic and social crisis.

“Ministers believe that services designed mainly to help the long-term jobless must be changed to placate middle-class anger in areas unused to high unemployment.

“The political threat is further underlined by predictions that graduate vacancies will fall by more than 5 percent this year”.

Such measures to address unemployment among professionals are a drop in the ocean. Unemployment in general and among professionals in particular has increased exponentially since July last year. Since that time some 300,000 people have been added to the unemployment rolls with a quarter of them being

managers, senior public sector officials, technicians and administrative staff.

It is estimated that about a tenth of the rise in unemployment over that time is accounted for by those in professional and managerial employment. Figures published in the *Times* revealed that up to “12,000 more managers and officials, and 19,000 more professionals, are now claiming benefits compared with six months ago”.

The *Times* added, “The impact of the recession on professional groups is emphasised by a rise of more than 65 percent in the number of managers and senior officials seeking jobseeker’s allowance in the final three months of last year, compared with the same period a year before. The number of professionals signing on also rose by 40 percent in the final three months of last year compared with 12 months before”.

These numbers are set to increase as more job losses are announced on a daily basis. Recent statistics from the Office for National Statistics found that unemployment rose to 1.97 million between October and December. This level is a nine-year high of 6.3 percent and is expected to top two million when new quarterly figures are announced.

Commenting on the figures, Tony Dolphin, a senior economist at the Institute for Public Policy Research said, “Unfortunately it seems inevitable that unemployment will exceed three million during 2009”.

Peter Mooney, the head of consultancy with Employment Law Advisory Services, also pointed to further massive job losses: “From early in December, the number of firms seeking our help in making redundancies simply exploded.

“Things will certainly get worse before they get better. We would expect to see another significant increase in the number of people out of work in the figures published next month, as many more firms were forced to cut staff early in the New Year”.

In just one day, on January 31, thousands of job losses were announced, including 1,000 support staff on London Underground. A further 450 job losses were announced by German-owned power firm E.ON, while DVD and games retailer Zavvi, which was already in administration closed 15 of its stores with the loss of 295 workers.

The Serious Foods group announced 127 job losses as it was forced to call in the administrators, and law firm

Linklaters announced it was cutting 270 jobs in the UK. These will consist of 120 lawyers and 150 support staff.

A further 200 job losses were announced at Plymouth Council in England, while the engineering group Cookson announced 180 job losses in Britain. Other job losses are expected at the chemical firm DuPont which plans to cut 35 jobs—a third of its workforce at its Darlington site in the northeast of England.

Job losses announced in February, many of which affect workers in the administration departments of companies, include 2,300 at the Royal Bank of Scotland and 220 at the auto manufacturer Bentley.

The US steel firm Sitel has also announced hundreds of job losses and the closure of its customer care and back office departments in Newcastle-upon-Tyne and Derby. A further 800 jobs are threatened at JJB Sports, as the company is set to appoint administrators to its lifestyle division.



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